

The complaint

Ms B is unhappy that Barclays Bank UK Plc refused to refund her for a transaction which she didn't make or authorise.

What happened

Ms B says her mobile phone was stolen, so on 3 May 2023 she visited a Barclays branch to report the incident. She explained that Barclays had reassured her that they'd taken the necessary steps to secure her account and sent her a new card as a precaution. Ms B then purchased a new phone.

On 22 May 2023, Barclays contacted Ms B for a security check to discuss some attempted payments from her account. Ms B confirmed that she hadn't made these transactions. There were also three other transactions that had already left her account which Ms B said she didn't recognise. The transactions were to an account in Ms B's own name with another financial service provider, which I'll refer to as W.

Two of these transactions had been cancelled so only one transaction amounting to £1,000.32 left Ms B's account without her authorisation. These funds were then removed from Ms B's account with W to unknown third parties.

Barclays asked Ms B to contact W to seek reimbursement as they couldn't raise a claim against Ms B's own account. Ms B explains she contacted W, but they felt that since the funds left her account from Barclays without her authorisation, they'd expect Barclays to offer her a refund in the first instance. They said that since the transaction was made using Open Banking, there should've been a challenge via the Barclays app before the payment went through. They said they'd need to contact Barclays before they issued their final response.

On 19 July 2023, W said they still hadn't received a meaningful response from Barclays, so they'd decided to refund Ms B half of the disputed transaction amounting to £500.16. They hoped that Barclays would reimburse the remainder of Ms B's funds without further delay.

Ms B contacted Barclays again on 17 August 2023, as she was unhappy that she'd only received a partial refund from W. Barclays reviewed Ms B's complaint and identified that when she'd reported her phone stolen on 3 May 2023, they hadn't removed the stolen device from her records which they accepted could've contributed to Ms B's loss. They apologised and agreed to refund Ms B £500 which was credited to Ms B's account on 18 August 2023.

Unhappy with the time Ms B lost during an exceptionally busy period for her and the stress she was caused, she referred the matter to our service as she felt she should be compensated.

Barclays reviewed the case again and were satisfied they'd reached the correct outcome. They explained with regards to the distress and inconvenience caused, this was contributed not only by Barclays but also W. They said that they intervened and prevented further losses

on the account considering the balance that was available. They thought that W's mobile platform also seemed compromised as it was used to obtain Open Banking consent to withdraw funds. But they'd considered what Ms B had told our service and offered to pay £100 compensation for the distress and inconvenience caused.

Our investigator said that Barclays could've identified their error of not correctly removing the stolen device sooner. But she thought that they took the correct action in advising Ms B to contact W in the first instance as the funds were sent to another account in her own name.

While she accepted that the situation went on for some months, she thought Barclays acted quickly to reimburse the funds once they'd realised they'd made an error with their decision. She also thought about the time since the transactions, W's involvement in the complaint. Overall she felt that the offer made by Barclays to pay £100 compensation as well as an apology for the distress and inconvenience that was caused to Ms B while she waited for a refund was fair and reasonable.

Ms B didn't accept the offer of £100. She said that it was her insistence that Barclays re-evaluate the situation that led to them acknowledging their error. She said that without her proactive approach, her account might have been susceptible to hacking again. She felt that the responsibility didn't lie with W. She explained that the two-factor authentication for Barclays should've triggered and prevented the hacker from accessing her account, but this had failed. She asked our investigator to reconsider.

Our investigator said that the responsibility for reimbursement should've been with W as that was the point of Ms B's financial loss. She said that W providing a 50% refund prompted Barclays to do the same, but they weren't responsible to do so. She remained of the view that £100 compensation for the distress and inconvenience was fair. Since no agreement could be reached, the case has been passed to me for a final decision.

My provisional decision

I issued a provisional decision on 16 July 2024, and made the following findings:

"The relevant rules explain that Barclays is liable for any unauthorised transactions. Barclays haven't disputed that the transaction that took place on 22 May 2023 weren't authorised by Ms B. This means that Barclays were responsible to refund Ms B for the unauthorised transaction.

Although the disputed transaction was to an account in Ms B's own name, it was still a transaction which she hadn't authorised. So, it follows, that Barclays shouldn't have held Ms B liable for the transaction.

Whilst Barclays did what they should by preventing further losses from Ms B's account, their responsibility didn't end there. Barclays missed the opportunity to investigate how the fraud on Ms B's account had occurred on 22 May 2023 and rather asked Ms B to contact W instead to recover her financial losses.

I think Barclays should've identified sooner that they'd failed to remove the stolen device which Ms B had reported to them on 3 May 2023. This led to unauthorised transactions on Ms B's account and ultimately the financial loss Ms B suffered.

If Barclays had done so, they could've either provided Ms B a full refund or worked with W to ensure Ms B was reimbursed. So, I think Barclays have caused avoidable delays in providing Ms B with a refund.

Barclays have refunded £500 but the refund amount should've been £500.16. For completeness, Barclays should refund the difference of £0.16 to Ms B. Since Ms B was deprived of her funds, I think Barclays should add 8% simple interest per annum on the refund amount from the date of the disputed transaction (22 May 2023) to the date of refund (18 August 2023).

I think Ms B rightly expected Barclays to secure her account when she reported her phone as stolen. She has also been caused unnecessary distress and inconvenience during an already busy period for her. I don't think the £100 that Barclays have already offered is a fair reflection of the impact caused to Ms B. Taking everything into account, I think Barclays should pay an additional £100 compensation."

What I've decided – and why

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

I asked both parties to respond to my provisional decision and provide further evidence of arguments they want me to consider.

Both Barclays and Ms B responded to confirm their acceptance of my provisional decision. Since there aren't any new points or comments from either party, there isn't anything else for me to consider. I'm satisfied with the findings I reached, and I see no reason to deviate from the outcome I explained in my provisional decision.

As a reminder, to put things right, Barclays should:

- Refund £0.16.
- Add 8% simple interest* per annum on £500.16 from 22 May 2023 until 18 August 2023.
- Pay £200 compensation in total for the distress and inconvenience caused.

* If Barclays considers that they're required by HM Revenue & Customs to deduct income tax from the interest, they should tell Ms B how much they've taken off. They should also give Ms B a tax deduction certificate if she asks for one, so she can reclaim the tax from HM Revenue & Customs if appropriate.

My final decision

For the reasons explained above, my final decision is that Barclays Bank UK Plc should put things right as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms B to accept or reject my decision before 21 August 2024.

Ash Weedon
Ombudsman