

## The complaint

Mr T complains that Barclay Bank UK PLC did not refund a series of payments he lost to a scam.

## What happened

Mr T found an investment opportunity on social media and was added to a group led by two individuals. He was convinced to invest in a certain cryptocurrency coin, and the group would buy and sell when instructed to affect the market and gain returns. Mr T was initially cautious and eventually signed up to the plan put forth by the group leaders. Mr T was guaranteed there would be no loss and returns of 260% to 500% on his investment. Despite this, Mr T did suffer a loss on 19 December 2023 on a 'zero risk' trade.

Mr T continued to invest and was able to build up his returns. However, before he was able to withdraw his funds, he had to pay a \$20,000 service fee to one of the group leaders. Once this was paid, he had to pay taxes on the funds before they would be released. Eventually, he realised he had been the victim of a scam and raised a scam claim with Barclays. He made the following payments from his Barclays account:

Payment	Date	Amount
1	07/11/2023	£8,000
2	16/11/2023	£10,000
3	27/11/2023	£2,883.72
4	11/12/2023	£4,943.52
5	17/12/2023	£8,290.70
6	20/12/2023	£4,428.57
7	24/12/2023	£17,300
8	26/12/2023	£3,089.70
9	26/12/2023	£3,604.65
10	29/12/2023	£15,850

Barclays issued a final response letter in which they explained they had not completed their investigation, but they explained the payments were not covered by the Lending Standards Board's Contingent Reimbursement Model ("CRM") Code. The complaint was referred to our service and our Investigator looked into it.

Our Investigator saw that there had been a number of phone calls between Barclays and Mr T about various payments connected to the scam. One such call on 1 December they found to be detailed, and they felt this contained good advice and warnings about cryptocurrency scams. The caller advised Mr T to look into the company further, check them on the Financial Conduct Authorities ("FCA") website and try to withdraw funds before depositing more. There were more calls following this, one on 16 December where Mr T was given another general warning and told to check the FCA register, and to be wary if he could not withdraw his funds.

The investigator found that during a call on 25 December 2023, the agent discussed releasing payments 6 and 7 which had been held for further checks. The Investigator felt

there was not much of a discussion around the payments when there should have been. As there was an increasing value in the pattern of payments, as well as previous notes with concerns about earlier payments, they felt a more detailed intervention with probing questions and a relevant scam warning was necessary.

As Mr T had some concerns with the investment company by that stage, they thought it was more likely the scam would have been revealed. So, they recommended reimbursement of the funds from payment 6 onwards, with 8% simple interest added. They also felt a reduction in the redress of 50% to account for Mr T's contribution to the loss was reasonable.

Barclays responded and accepted the findings however Mr T's representatives did not. In summary, they felt the very first phone call about the initial payment was not sufficient, and that Barclays should have invoked the Banking Protocol at that stage.

As an informal agreement could not be reached, the complaint has been passed to me for a final decision.

### **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.

In deciding what's fair and reasonable in all the circumstances of a complaint, I'm required to take into account relevant: law and regulations; regulators' rules, guidance and standards; codes of practice; and, where appropriate, what I consider to be good industry practice at the time.

Broadly speaking, the starting position in law is that an account provider is expected to process payments and withdrawals that a customer authorises it to make, in accordance with the terms and conditions of the account. And a customer will then be responsible for the transactions that they have authorised.

It's not in dispute here that Mr T authorised the payments in question as he believed they were part of a legitimate investment. So, while I recognise that he didn't intend the money to go to scammers, the starting position in law is that Barclays was obliged to follow Mr T's instruction and process the payments. Because of this, he is not automatically entitled to a refund.

The regulatory landscape, along with good industry practice, also sets out a requirement for account providers to protect their customers from fraud and financial harm. And this includes monitoring accounts to look out for activity that might suggest a customer was at risk of financial harm, intervening in unusual or out of character transactions and trying to prevent customers falling victims to scams. So, I've also thought about whether Barclays did enough to try to keep Mr T's account safe.

I've considered the payments themselves, and whether they appeared unusual compared to Mr T's genuine account activity. The first two payments were to Mr T's existing account with a third-party I'll call 'R'. Mr T had previously sent funds from Barclays to his account with R, but generally for smaller amounts. The initial payment of £8,000 was flagged for further checks, as it was for a higher amount than Mr T usually transferred.

In this call, the call handler checked that Mr T had control over his account with R, and that an earlier transfer of £100 he had made had credited the account, which he confirmed had credited successfully. The call handler then asked about the reference Mr T had used for the payment, which mentioned the word 'trade'. Mr T said he was sending the money to R in

order to trade it, and that he had checked the website provided, spoken with other investors and was happy they were not scammers. The call handler checked that no one else had asked or forced Mr T to make the payment, which he said no to.

I do think the call handler should have asked some further questions about the end purpose of the investment, as Mr T had mentioned he was planning to trade with the funds. Considering Mr T was open in a later phone call with Barclays, I think it's more likely he would have also been honest at this stage. I've therefore considered whether a detailed intervention would have prevented Mr T from making further payments.

In doing so, I have to acknowledge the later more detailed call on 1 December that I will look into in more detail later did not fully reveal the scam. And I think this is because at that stage, Mr T was firmly under the spell of the scammer and convinced by the investment company. So, on balance, I think it's more likely a better intervention during the first phone call would not have persuaded him to stop making further payments towards the scam. He appeared confident the investment was legitimate and had been speaking with multiple other 'investors' who had made it appear genuine, and he had no other reason at that time to doubt the investment.

As the initial transfer to R had been paused and discussed, and the second transfer to R was for a similar amount, I think it is reasonable it was not paused for further checks. Barclays called Mr T when he attempted the payment of £2,883.72 on 27 November. In this, they were mostly checking Mr T himself had authorised the payment and that no one else had done so on his behalf. The call handler read out a general warning about scams, and due to the value of the payment, I think it is reasonable this is all that was discussed at the time.

Mr T then called Barclays on 1 December because his debit card had been blocked. In this phone call, Mr T was asked about the previous payment that flagged on 27 November, which he confirmed he used to trade with. This payment was clearly going to cryptocurrency, so I think it was clear at that stage Mr T was investing in cryptocurrency.

The call handler asked Mr T a number of questions about the trading he had done. Mr T confirmed some points that would lower the risk level of the payments, for example he said he had been trading for a while already, he knew of others who had withdrawn funds from the investment successfully and no one was advising him on the investment. However, there were some other points that were more concerning, that he found the investment on social media, the funds were ending in a wallet outside of Mr T's control and Mr T had not yet tried to withdraw his funds himself.

The call handler explained that there were investment scams on social media so Mr T should be wary. They said it should be as easy as clicking a button for him to withdraw his funds and that he should attempt to withdraw some funds before depositing any more at that stage. She also advised him to check the FCA website to ensure the company was registered before continuing with more payments. She finally warned him that she could not locate any information online about the company, which was concerning as most legitimate companies will have some online presence.

Mr T said he would attempt to withdraw funds before depositing more, and he would check the FCA register or the company before continuing. As a result of this, the call handler unblocked Mr T's debit card. On balance, I think the level of intervention carried out was reasonable in the circumstances. The call handler highlighted typical features of investment scams and advised Mr T on what steps to take before making any further deposits to the investment. As Mr T was not making any further payments at that time, it was reasonable for the call handler to unblock his debit card after they gave him the relevant information about

the FCA register and that he should try and withdraw funds before continuing.

There was a further phone call on 16 December. In this call they discussed an attempted payment from the evening prior that had ended in his card being blocked. Mr T explained he was making a payment to cryptocurrency as he was investing in a specific coin. They confirmed he had used the company before and knew of other people who had successfully made withdrawals, but he had not done so himself. They also asked him to check the FCA register as it was unlikely they could retrieve the funds if it turned out to be a scam. They explained a common tactic for scammers was to encourage people to invest in cryptocurrency and then leave with all of the money in the wallet. Mr T confirmed that before he completed the transfer to the investment, he would check the FCA register and look into the company in more detail before funding the investment.

While this call could have gone into more detail about how he found the investment, it appears the call handler reviewed the previous notes. They again gave the relevant advice to Mr T, that he should look into the company in more detail, and he should ensure he can make a withdrawal before funding the investment further. He assured Barclays he would, but it is unclear if he did so. Mr T was speaking with various individuals from the chat and appeared to have made returns up to that point, so I think he was suitably under the spell of the scammer that these warnings were not enough to dissuade him from making further payments at that time.

Mr T then attempted a further two payments of £4,428.57 and £17,300 which were held for checks. Mr T spoke with Barclays on 25 December about these and confirmed he had checked the company, and it was ok. In this call, he was not given any warnings about investment scams or any advice on how to protect himself. The value of the payments jumped significantly with the 6<sup>th</sup> payment of £17,300 and I think this should have been concerning to Barclays. The call handler had access to the previous notes which confirmed Mr T had not attempted withdrawals up to that point, so I think they should reasonably have probed further about the investment itself and how it worked.

By that point, Mr T had suffered a significant loss in the investment which was meant to be zero risk, and these payments appeared to be him trying to recover from that loss. I therefore think he would have been more receptive to a clear investment scam warning at that stage. I therefore think it is more likely the scam could have been revealed at that point had there been a better intervention. With this in mind, I think Barclays should reimburse Mr T from payment 6 onwards.

I've finally considered whether or not Mr T should reasonably bear some responsibility for the losses as a result of any negligence in his actions and if it is therefore reasonable for me to make a reduction in the award based on this. In doing so, I've considered whether he has acted as a reasonable person would to protect himself against the loss he suffered. The test is objective but needs to take account of the relevant circumstances.

I have considered that Mr T was guaranteed the investment was zero risk, with returns of between 260% and 500%, which should have been seen as too good to be true. Despite the assurance the investment was risk free, Mr T still suffered a loss prior to payment 6 when I think the reimbursement should start. In addition, he was given some warnings from Barclays, and advised to attempt a withdrawal before depositing more funds, but he did not do so. And despite being told a red flag for a scam is he needing to pay more anything before he can make a withdrawal, he was instructed to pay a \$20,000 service fee before he could withdraw his funds, which he paid. With all of this in mind, I think a reduction in the redress of 50% is reasonable in the circumstances.

### **Putting things right**

Barclays should reimburse Mr T from the payment 6 onwards. It can reduce this redress by 50% to account for Mr T's contribution to the loss. It should add 8% simple interest from the date of the transactions to the date of settlement.

If Barclays considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mr T how much it's taken off. It should also give him a tax deduction certificate if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.

### **My final decision**

I uphold Mr T's complaint in part. Barclays Bank UK PLC should pay the redress outlined above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T to accept or reject my decision before 1 April 2025.

Rebecca Norris  
**Ombudsman**