

The complaint

Mrs P has complained that Barclays Bank UK PLC (“Barclays”) failed to protect her from falling victim to an investment-related scam.

What happened

The background of this complaint is already known to both parties, so I won’t repeat all of it here. But I’ll summarise the key points and then focus on explaining the reason for my decision.

Mrs P has used a professional representative to refer her complaint to this service. For the purposes of my decision, I’ll refer directly to Mrs P, but I’d like to reassure Mrs P and her representative that I’ve considered everything both parties have said.

Mrs P says that around August 2021 she first learned about an investment opportunity through a recommendation from an acquaintance, who claimed to have successfully invested in the same scheme. Mrs P says that she conducted her own research to ensure the opportunity was legitimate, and she was put in touch with an individual (“the scammer”) who provided her with a range of documents to prove their legitimacy. These included information about partnerships with governments, universities, and other businesses, as well as details about the company founders and their credentials.

Among the documents was a comprehensive paper outlining the company’s operations and its plans for future growth. It included a detailed roadmap broken into quarterly goals, presented in a highly professional manner. These materials gave Mrs P confidence that the investment opportunity was legitimate. Additionally, the scammer claimed to be linked to several well-known companies and even highlighted their registration with relevant authorities.

Mrs P explains that the founders of the company appeared to have credible public profiles, with references to their involvement in cryptocurrency-related projects. They were featured on prominent media platforms, and the level of visibility and professionalism reassured Mrs P as this level of transparency didn’t seem typical of fraudulent behaviour.

Throughout the process, Mrs P remained in regular contact with the scammers. They fostered a sense of community among investors, hosting frequent online presentations and weekly meetings. These sessions were highly professional, and investors could ask questions and hear testimonials from other supposed investors who claimed to have achieved success.

To invest, Mrs P transferred funds from her Barclays account to a cryptocurrency wallet. She purchased digital assets and transferred them to what she believed was her personal wallet connected to the investment platform. On the platform, her funds were displayed as equivalent units linked to the investment scheme. She was led to believe these funds were being invested in specific projects and was promised returns of three times her initial investment. However, Mrs P later found out that she was in fact transferring the cryptocurrency to the scammer.

The payments Mrs P made as part of this scam were as follows:

	Date	Amount (£)
1	31/08/2021	350
2	06/09/2021	3,200
3	10/09/2021	6,000
4	13/09/2021	9,000
5	16/09/2021	8,000
6	20/09/2021	7,500
7	20/09/2021	15,000
8	18/11/2021	8,000
9	22/11/2021	500
10	18/09/2023	10
11	18/09/2023	10
12	18/09/2023	4,055
	Total	61,625

Mrs P realised she'd been scammed when she wasn't able to withdraw any funds from her investment, so she made a complaint to Barclays. Barclays didn't uphold the complaint, and in its response it said it didn't think the transactions Mrs P made as part of the scam were out-of-character when considered alongside the usual activity on her account. It said Mrs P had previously made payments to the same cryptocurrency exchange, which was saved as a known payee, so it didn't have reason to be suspicious.

Mrs P remained unhappy so she referred the complaint to this service.

Our investigator considered everything and thought the complaint should be upheld. He said he thought that there was enough going on that Barclays should've been aware of, and it should've intervened before Mrs P made the third payment. So he thought Barclays should refund what Mrs P had lost from that point onwards. He also thought that Mrs P's actions had contributed to her loss, as she could've done more to prevent it, so he said it was fair for both parties to share responsibility and Barclays could therefore reduce the amount it paid Mrs P by 50%.

Mrs P accepted the investigator's opinion but Barclays disagreed. It said that payments three to six weren't out-of-character for Mrs P, so it didn't think it should've intervened, but it agreed to refund 50% of Mrs P's losses from payment seven onwards, plus interest.

Our investigator explained why he still thought the complaint should be upheld from payment three, and Barclays disagreed, although it didn't provide any further comments or evidence. So as the case hasn't been resolved yet it's been passed to me to make a 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.

Having done so I'm upholding Mrs P's complaint, broadly for the same reasons as our investigator, which I've set out below.

In broad terms, the starting position is that a firm is expected to process payments and withdrawals that its customer authorises, in accordance with the Payment Services Regulations and the terms and conditions of the customer's account. And in this case it's not

in question whether Mrs P authorised these payments from leaving her account. It's accepted by all parties that Mrs P gave the instructions to Barclays and Barclays made the payments in line with those instructions, and in line with the terms and conditions of Mrs P's account.

But that doesn't always mean that the business should follow every instruction without asking further questions or intervening to ensure requests coming from their customers are firstly genuine, and secondly won't result in harm.

Firstly, I note Barclays' position that as the payee Mrs P made the payments to was already set up on her account, and as she'd previously made payments to it, it's not responsible for missing an opportunity to intervene or provide her with a warning. I don't agree with this point, as payment institutions' fraud monitoring responsibilities aren't limited to new payees, and that responsibility doesn't end when a payee has been paid previously. There are a range of factors businesses need to be aware of when monitoring for transactions that might cause their customers financial harm, and whilst the type of payee is one factor, it's certainly not the only one.

The fact that Barclays asked for the payment purpose when the payee was created – presumably around August 2021 – doesn't constitute an intervention in itself. It also doesn't mean that Barclays didn't need to be alive to the continuing threat of fraud and scams involving that payee – especially as it was an identifiable cryptocurrency-related transaction. So Barclays still had a duty to be on the lookout for – and protect Mrs P from – financial harm.

I agree with our investigator that by the time Mrs P made the third payment, there was enough going on that Barclays ought to have recognised Mrs P might've been at risk of financial harm. Although Mrs P had made other payments to this payee previously (not related to this scam) the third payment was for a substantial value, it was being made fairly soon after the first and second payments, and it was being made to an identifiable cryptocurrency platform. The payment was also the third in a series of payments with increasing value, which is a well-known pattern of scams, and it was out-of-character when considered in the context of how Mrs P's account was generally used.

With all of the above in mind I would have expected Barclays to intervene when Mrs P made the third payment, giving a minimum of a written warning, tailored to the situation in question, which in this case is cryptocurrency investments. Whilst I understand Barclays said it gave a generic scam warning when Mrs P initially created the payee, prior to this scam, that's not sufficient in this instance. The warning ought to have included typical characteristics seen in cryptocurrency investment scams, and had it done so, I'm persuaded this would've resonated with Mrs P. The way she's described this scam is fairly typical of the way cryptocurrency scams tend to work, so I think a warning would've brought the risks to life enough for Mrs P to reconsider what was happening, before it was too late.

I accept Barclays' point that The Financial Conduct Authority published a warning about the risk of this investment being a scam in March 2021 – around six months before Mrs P began making payments. I agree Mrs P could've found this, as well as other negative information about the alleged investment, if she'd searched. But that doesn't absolve Barclays' responsibility to also be on the lookout for, and intervene, where its customer might be susceptible to being defrauded.

So if Barclays had intervened – and either done its own checks, or given Mrs P sufficient information and warnings to lead her to make further checks – I'm persuaded the spell would've been broken and the scam wouldn't have continued.

Is Mrs P responsible for any of her losses?

I can certainly understand that there were aspects of this scam that appeared very convincing to Mrs P – especially as the high-quality marketing information she says she received showed the company's excellent credentials and its links to other well-known companies.

Despite this, I think Mrs P could and could have done more to protect herself. Whilst I appreciate Mrs P was provided with a lot of professional and persuasive literature, there was mounting evidence available online at the time Mrs P started making the payments – including a warning from the regulator. And as Mrs P says she did research about the company I think this would've been apparent to her, and she should've taken note of the warnings.

In addition to this, Mrs P believed she could triple her investment, which isn't a realistic return to expect. So I think Mrs P should've asked more questions about the investment before proceeding.

With this in mind I'm persuaded that it's fair for Mrs P and Barclays to take joint responsibility for what happened, and the losses Mrs P experienced.

Recovery of the funds

I haven't seen that Barclays attempted to recover any of funds, nor has it commented on why that may've been. But in any case I don't think that makes a difference in this case. Barclays wasn't made aware of the scam until several years after it took place, and the funds initially went to Mrs P's own cryptocurrency account before being sent on to the scammer. So as Mrs P had effectively spent the funds by converting them into cryptocurrency and forwarding them on, Barclays wouldn't have been able to recover them.

Putting things right

To put thing right Barclays needs to:

- Pay Mrs P 50% of her losses from payment three onwards and;
- Pay 8% simple interest on each amount, from the date each payment left Mrs P's account until 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 Mrs P how much it's taken off. It should also give Mrs P a tax deduction certificate if she asks for one.

My final decision

I uphold Mrs P's complaint and require Barclays Bank UK PLC to put things right as I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs P to accept or reject my decision before 6 January 2025.

Sam Wade
Ombudsman