

The complaint

Mr Y has complained that Barclays Bank UK PLC won't refund the money he lost after falling victim to a scam.

What happened

In 2022, Mr Y was introduced to a cryptocurrency investment scheme by a friend, and asked to be added to the group chat. The friend was working for an advisor, who ran an investment advice firm based out of a London financial district and claimed to know the head of the investment scheme personally. The scheme had their own platform where Mr Y could see successful trades happening. However, the scheme was actually a scam.

Over the course of about a week, Mr Y made several transfers from his Barclays account to his account at a well-known cryptocurrency exchange, totalling over £26,000. He then sent the crypto onto the scammers. But he was unable to withdraw his funds and the contact dried up.

In 2024, Mr Y complained about the matter to Barclays. Barclays didn't think they were liable for Mr Y's loss.

Our Investigator looked into things independently and didn't uphold the complaint. Mr Y didn't agree, so the complaint's been passed to me to decide.

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 understand that Mr Y fell victim to a scam, and so he has my sympathy. I appreciate this cannot have been an easy time for him, and I appreciate why he would like his money to be returned. It's worth keeping in mind that it's the scammers who are primarily responsible for the scam and the resulting distress, and who really owe Mr Y his money back. But I can only look at what Barclays are responsible for. Having carefully considered everything that both sides have provided, I can't fairly hold Barclays liable for Mr Y's loss. I'll explain why.

It's not in dispute that Mr Y authorised the payments involved. So although he didn't intend for the money to end up with scammers, under the Payment Services Regulations he is liable for the loss in the first instance. And broadly speaking, Barclays had an obligation to follow his instructions – the starting position in law is that banks are expected to process payments which a customer authorises them to make.

Barclays should have been on the lookout for payments which could be the result of fraud or scams, to help prevent them. These payments seemed broadly out of character with Mr Y's normal account activity, so I'm glad to see that Barclays did intervene here. I've thought carefully about the intervention involved.

I agree that Barclays could've handled the intervention better in this case, such as by asking further open questions. But they did ask relevant questions, including the use of some open questioning. And I would not have expected Barclays to have interrogated Mr Y, but to have kept their questioning proportionate. Barclays also provided warnings which were relevant to Mr Y's situation, which Mr Y acknowledged at the time but did not heed. I don't agree with Mr Y that Barclays reassured him about these payments – on the contrary, they warned him about the potential risk of scams with financial advisors who claim to be crypto experts, about the matter being unregulated, and so on.

I'm afraid I do need to point out that some of the answers Mr Y gave to Barclays were misleading, which made it substantively more difficult for them to help him. For example, when asked about the purpose of what he was doing, he repeatedly said the money was just going to his own crypto account, withholding the fact that the real purpose was to send it on to the investment scheme. He claimed that he'd had the crypto account for years, and that he'd set it up himself rather than on someone's instructions, when he'd actually set it up very recently on the scammers' instructions. From what Mr Y has told us, the scammers didn't even tell him to lie with a cover story – he did this of his own accord. And I can see that he contacted Barclays proactively to try to get the payments through. So it seems that Mr Y was determined to make these payments.

I can see why Mr Y might've felt so confident at the time. The investment scheme had been recommended by a friend, who Mr Y had a very good relationship with and trusted. And the friend was working for an apparent professional, who ran an advice firm based in a London financial district and claimed to know the head of the scheme personally. Mr Y was in a group chat where he could see other people's successes, he could also see live successful trades, and the nature of a Ponzi scheme is that initial investors would've received good returns at first. During his conversations with Barclays, Mr Y felt he had sufficiently researched the matter and was 100% confident about the payments. Given how much Mr Y trusted in the scheme, it doesn't seem very likely that Barclays would've changed his mind.

I also need to keep in mind that things like the warnings from regulators about the scheme and advice firm, the negative press, and so on, had not come out yet at the time of these payments. And Barclays were not acting as Mr Y's investment advisors here, so I would not have expected them to research the matter in-depth for him in way he's suggested. So I don't think Barclays would've had a sufficient basis on which to stop the payments outright. And I don't think further warnings were likely to have dissuaded Mr Y.

As such, while I acknowledge that Barclays could've done better, given that:

- Barclays did speak to Mr Y more than once and asked relevant questions
- Mr Y gave misleading answers, even when the scammers hadn't told him to lie
- Mr Y seemed determined to put the payments through
- Barclays provided relevant warnings which Mr Y did not heed
- Mr Y trusted the people advising him, had a reasonable basis to believe what they were telling him, and felt fully confident about the matter
- At the time, there were not public warnings about the companies involved

I don't think I can reasonably assume that Mr Y would've changed tack had he been asked further proportionate questions or warned even further. I think it's more likely that, even with further proportionate questions or warnings, it's more likely that Mr Y would've still gone ahead with the payments.

Next, I've considered what Barclays did to try to recover Mr Y's money after he told them about the scam. I do appreciate that Mr Y feels very distressed about this scam, and so he feels Barclays should recover the funds. Unfortunately, as Mr Y had sent the money to his own account at the exchange and then onto the scammers, it wasn't possible for Barclays to recover it. As these payments were made to a crypto account in Mr Y's name, they were not covered under the CRM Code for scams. And as I said before, I think the scammers were really responsible for Mr Y's distress, rather than Barclays.

Lastly, Mr Y was unhappy, as he thought Barclays had lied and said he didn't know the name of the trading platform. To clarify: it wasn't Barclays who originally said that; it was Mr Y's own representatives, who said: "*your customer cannot unfortunately recall the name of the trading platform*".

So while I'm very sorry to hear about what the scammers did to Mr Y, I don't think Barclays can fairly be held responsible for his loss. And so I can't fairly tell Barclays to refund Mr Y's money in this case.

My final decision

For the reasons I've explained, I don't uphold this complaint.

This final decision marks the end of our service's consideration of the case.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr Y to accept or reject my decision before 14 April 2025.

Adam Charles
Ombudsman