

The complaint

Mr L complains that Barclays Bank UK PLC won't refund the money he lost when he was the victim of what he feels was a scam.

What happened

In early 2016, Mr L was looking for ways to invest his money and was recommended an investment company by some friends and family who had invested with it previously. He contacted the company, spoke with the directors and agreed to invest. And, as he was happy with how he was told his investment was performing, Mr L made a number of further investments with the company – including a payment of £30,000 from his Barclays account in December 2018.

Unfortunately, the investment company went into liquidation in June 2019 and Mr L didn't receive the returns he was expecting or his initial capital back from this payment. He then reported the payment to Barclays as a scam and asked it to refund the money he had lost.

Barclays investigated but said the investment company appeared to be a genuine company. So it felt this was a civil dispute between Mr L and the company, rather than a scam, and didn't agree to refund the payment he had made. Mr L wasn't satisfied with Barclays' response, so referred a complaint to our service.

One of our investigators looked at the complaint. They didn't think anything we would have expected Barclays to have done would have prevented the loss Mr L suffered, so they didn't think Barclays should have to refund the payment Mr L made. Mr L disagreed with our investigator, so the complaint has been passed to me.

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.

Barclays has argued that the investment company Mr L made the payment to wasn't operating a scam, and so it isn't responsible for refunding the money he lost. But, even if this was a scam, I don't think it would be fair and reasonable to require Barclays to refund the payment Mr L made here. I'll explain why below.

Banks are expected to make payments in line with their customers' instructions. And Mr L accepts he made the payment here. So while I recognise he now feels he has been the victim of a scam, he did authorise the payment. And so the starting position in law is that Barclays was obliged to follow his instruction and make the payment. So Mr L isn't automatically entitled to a refund.

The regulatory landscape, along with good industry practice, sets out requirements for banks to protect their customers from fraud and financial harm. So, in line with this, I think Barclays should fairly and reasonably:

- Have been monitoring accounts and any payments made or received to counter various risks, including anti-money laundering, countering the financing of terrorism, and preventing fraud and scams.
- Have had systems in place to look out for unusual transactions or other signs that might indicate that its customers were at risk of fraud (among other things). This is particularly so given the increase in sophisticated fraud and scams in recent years, which banks are generally more familiar with than the average customer.
- In some circumstances, irrespective of the payment channel used, have taken additional steps, or made additional checks, before processing a payment, or in some cases declined to make a payment altogether, to help protect customers from the possibility of financial harm from fraud.

But even if Barclays had identified that Mr L was potentially at risk of financial harm as a result of the payment he made to the investment company in December 2018, and carried out the level of checks we would expect it to have done to address this risk, I don't think it would have uncovered significant concerns.

In these circumstances and given the size of the payment Mr L was making, I think it would be reasonable to expect Barclays' checks to include questions about the purpose of the payment and then relevant follow-up questions about the investment Mr L thought he was making and what checks he had done to satisfy himself it was genuine.

But Mr L thought he was providing funds to the investment company for it to carry out trading on his behalf in various markets, and that he would receive returns based on the performance of this trading. And as this is a fairly standard format of investment, I don't think this will have seemed particularly suspicious to Barclays or that the returns Mr L was told he could be paid would have seemed too good to be true.

The investment company was recommended to Mr L by friends and family he had spoken to about investing, and who had invested with the company themselves. So as he hadn't been contacted about the investment in a particularly unexpected or suspicious way, and there was no negative information about the investment company online at the time, I don't think this will have caused Barclays any concern either.

At the time, the investment company had been listed on the governments register of limited companies and filed accounts for several years. So I think this would have reassured both Mr L and Barclays that the company was genuine.

Mr L has also said his communication with the investment company was mainly done over the phone. And I don't think him being communicated with in this way will have caused Barclays any concern. Mr L had also visited the investment company's offices and met with the directors in person, and made several previous investments with the company – for which he'd received regular monthly statements. So I think this would also have reassured both Mr L and Barclays that the company was genuine.

I've also seen copies of promotional literature the investment company issued in relation to the investment, and I think this looked relatively professional and legitimate. So, if Barclays had asked to see any of this paperwork associated with the investment, I don't think this would have raised any concerns either.

And so if Barclays had carried out the checks I would've expected when Mr L tried to make this payment, I think it would have been satisfied with the information it was given and I don't think anything it was told or shown would've caused it significant concern. Based on the

information I would have expected it to uncover at the time, I think this would have looked like a genuine investment to Barclays. And so I wouldn't have expected it to stop Mr L making the payment.

I appreciate that Mr L has lost a significant amount of money and I sympathise with the position he has found himself in. I'm also in no way saying he did anything wrong himself or that he doesn't have a legitimate grievance against the investment company. But I can only look at Barclays' responsibilities and, for the reasons I've set out above, I don't think Barclays acted unreasonably in allowing the payment Mr L made to go through or that anything I would reasonably have expected it to have done would have stopped him sending money to the investment company. I therefore don't think it would be fair to require Barclays to refund the payment Mr L made.

My final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 23 May 2025.

Alan Millward
Ombudsman