

The complaint

Ms D complains that Barclays UK PLC didn't protect her from an investment scam.

Ms D is being supported in making her complaint by a representative. But for ease, I'll only refer to Ms D in this decision.

What happened

Ms D says that Mr R – who she says was an '*independent advisor*' - introduced her to an investment with a company (which I'll refer to here as 'H') in relation to Forex trading. Mr R appears to represent a company which I'll refer to here as 'A'.

Ms D says 'H' promised a refund of the capital in 12 months, plus paying 5% interest per month which she thought was a '*good investment*'.

Another company (which I'll refer to here as 'P') facilitated the transfer of the funds Ms D was investing in 'H' via a payment processor (which I'll refer to here as 'M').

In June 2018 Ms D made a payment of £30,000 towards the investment with 'H' via an account with another bank (Bank S). And between July and December 2018 she received six monthly returns on her £30,000 investment totalling £9,000.

Ms D says she then made the following further payments towards the investment by way of telephone banking. Barclays said the payments didn't flag on its fraud prevention systems and that no scam warnings were presented to Ms D.

Date	Amount
22/11/18	£1,000
23/11/18	£35,000
5/12/18	£5,000

Ms D says she's been unable to withdraw or recover any of the invested funds.

'H' and 'P' went into liquidation in June 2019 and March 2020 respectively.

On 16 November 2023 Ms D made a complaint to Barclays. In short, she said she'd been the victim of a scam, and that Barclays hadn't done enough to protect her. Ms D therefore held Barclays responsible for her loss. She wanted Barclays to refund her, together with 8% interest and £1,000 for the distress and inconvenience caused.

In short, Barclays said it would not reimburse the funds and that the Contingent Reimbursement Model (CRM code) didn't apply. Barclays added that it had no concerns about the payments as 'H' was a genuine company that had since gone into liquidation. It said Ms D should contact the liquidator.

Ms D referred her complaint to the Financial Ombudsman.

One of our Investigators considered the complaint but didn't uphold it. In summary, he said Barclays couldn't provide Ms D with investment advice. And given there was no adverse information about 'P' or 'H' available at the time the payments were made, he didn't think further questioning by Barclays would've given it or Ms D any obvious cause for concern

they weren't legitimate. Our Investigator also found there was no reasonable prospect of Barclays recovering the lost funds.

Ms D didn't agree. She said Barclays should've applied the banking protocol given the size of the payments; and that further questioning by Barclays would've indicated she was at risk of being scammed.

Ms D said Barclays should've advised her about the risks associated with unregulated forex investment schemes, and that if it had, she'd have looked more closely into 'H' before proceeding with the payments as she wouldn't have wanted to take such a high risk.

Ms D said she would've taken any advice or warnings from Barclays, her trusted bank, seriously and that 'H's' *'false pretences'* would've been uncovered, and her loss prevented.

I've been asked to review everything afresh and reach 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.

Having done so, I've decided not to uphold this complaint, for largely the same reasons as our Investigator. I know this is not the answer Ms D was hoping for and so this will come as a disappointment. I'm really sorry to hear about the situation she's found herself in, and I can understand why she'd want to do all she can to recover the money she lost. But I need to decide whether Barclays can fairly and reasonably be held responsible for Ms D's loss. Overall, I've decided that it can't be. I'll explain why.

But first, I would like to say at the outset that I have considered this case on its own merits and have summarised it in far less detail than the parties involved. I want to stress that no discourtesy is intended by this. It's simply because my findings focus on what I consider to be the central issues in this complaint – that being whether Barclays could've prevented Ms D's loss.

Further, I want to be clear that whilst I'm aware Ms D has additionally complained about the actions of Bank S, this decision focuses only on the actions of Barclays.

I've also not seen evidence that the disputed payments of £1,000 and £5,000 were made as part of the investment in 'H'. And so, I'm only going to consider Barclays' actions in relation to the £35,000 payment made to 'P', via 'M', on 23 November 2018.

Following a court hearing in July 2020, it's now accepted that Ms D has likely been the victim of a scam. But I accept the £35,000 transaction she made towards the investment was an authorised payment. So, Ms D is presumed liable for the loss in the first instance.

However, I consider that as a matter of good industry practice at the time (and now) that a bank such as Barclays, ought to have taken steps to intervene prior to processing a payment instruction where it had grounds to suspect a payment might be connected to a fraud or a scam. Any such intervention should've been in proportion to the level of risk perceived.

The question then arises whether Barclays ought reasonably to have held such suspicions or concerns in relation to Ms D's £35,000 payment — and if so, what might've been expected from a proportionate intervention.

So, taking all of this into account, I need to decide if Barclays acted fairly and reasonably in its dealings with Ms D when she made the payment over the phone. Specifically, whether it should've done more than it did before processing the payment – and if it had, would that have made a difference. I also need to decide if Barclays could've reasonably recovered the lost funds.

Arguably, there was justification here for an intervention by Barclays prior to processing Ms D's payment instruction on 23 November 2018. This payment was significantly larger

than usual payments for Ms D's account in the previous 18 months and was being made to a new payee.

Further to that, where there is an interaction between a customer and a bank before a high value payment is processed, as there was here, I'd expect the bank to take reasonable steps to understand the circumstances of that payment.

But for me to find it fair and reasonable that Barclays should refund Ms D requires more than a finding that Barclays ought to have intervened in the £35,000 payment.

I would need to find not only that Barclays failed to intervene where it ought reasonably to have done so — but crucially, I'd need to find that but for this failure the subsequent loss would've been avoided.

That latter element concerns causation. A proportionate intervention will not always result in the prevention of a payment. And if I find it more likely than not that such a proportionate intervention by Barclays wouldn't have revealed the payment was part of a fraud or scam, then I couldn't fairly hold it liable for not having prevented it from being made.

In thinking about this, I've considered what a proportionate intervention by Barclays at the relevant time would have constituted, and then what I think the result of such an intervention would most likely have been.

To reiterate, Barclays' primary obligation was to carry out Ms D's instruction without delay. It wasn't to concern itself with the wisdom or risks of her payment decision.

In particular, Barclays didn't have any specific obligation to step in when it received a payment instruction to protect its customers from potentially risky investments. The investment in 'H' wasn't an investment Barclays was recommending or even endorsing.

Barclays' role here was to make the payment that Ms D had told it to make. Ms D had already decided on that investment. And I find that Barclays couldn't have considered the suitability or unsuitability of a third-party investment product without itself assessing Ms D's circumstances, investment needs and financial goals.

Taking such steps to assess suitability without an explicit request from Ms D (which there wasn't here) would've gone far beyond the scope of what I could reasonably expect of Barclays in any proportionate response to a correctly authorised payment instruction from its customers.

That said, I think it would have been proportionate here for Barclays, as a matter of good industry practice, to have taken steps to establish more information about the £35,000 payment.

What matters here is what those steps might be expected to have uncovered at the time. While there may now be significant concerns about the operation of 'H' and 'P', and the legitimacy of the investment, I must consider what Barclays could reasonably have established during a proportionate enquiry to Ms D about her payment back in November 2018. I cannot apply the benefit of hindsight to this finding.

Both 'H' and 'P' were genuine companies and there was no negative information about 'H' in the public domain until *after* it went into liquidation (June 2019). Having carefully reviewed all the material Ms D has provided about 'H' and 'P', it appears that allegations that 'H' was operating as a scam *only* came to light during the liquidation process which included the court hearing in 2020. As such, this correspondence or information couldn't have been accessed by either Barclays or Ms D at the time the £35,000 payment was made.

I think it's also likely Ms D would've told Barclays that she had documents from 'H' and 'P' confirming the terms of the investment, which all appeared entirely genuine.

Of particular significance here is that by the time of the £35,000 payment, Ms D had already received several returns on her initial investment in 'H' of £30,000 made via Bank S. Ms D

has said that receiving those returns was a factor in her decision to reinvest more, and would undoubtedly, in my opinion, have added further assurances to Barclays and Ms D that the investment was genuine at the time she made the £35,000 payment. Taking all that into account, I don't think it would've been proportionate for Barclays to have applied the banking protocol, as Ms D believes it should've done.

In summary, I've considered everything submitted and the arguments made, but while there may now be concerns about the legitimacy of 'H' and 'P', everything I've seen indicates that these concerns only began to surface in the public domain after the £35,000 payment was made by Ms D.

I've thought next about how Ms D found out about the investment. Ms D has said the investment was introduced by Mr R who appears to work for 'A'. 'A' is an unregulated broker, which is clearly explained on its website.

Had Barclays asked Ms D who'd advised her about the investment, then the involvement of Mr R (and possibly 'A') would've likely come to light at the time. But this type of unregulated investment could be entered into without obtaining regulated financial advice – as seems to have been the case here.

So, the regulatory status of the investment and how Ms D was introduced to it weren't something that would necessarily have indicated 'H' or 'P' were fraudulent (or that the investment was a scam) at the time Ms D asked Barclays to make the payment.

Further to that, I've not seen anything to suggest that Ms D didn't fully believe what Mr R was telling her. And Ms D has herself admitted that she trusted Mr R and that she:

'... didn't feel like he wasn't being genuine and didn't have a reason to query it'.

Ms D has also said that Mr R provided information on other clients' returns on their investments with 'H', which reinforced her trust in him.

Ms D has also provided an email from Mr R where he attaches several documents from 'H' and 'P' including information about its past and projected trading results, capital protection guarantee, as well as pictures of 'H's' offices and its traders. The documentation also outlines 'H's' *'Risk Management Strategy'* and confirms that:

'[H] trade in an extremely cautious manner and follow a strict 5 stage risk management process to make sure client funds are protected to the highest possible level'.

So, even if Ms D didn't have an appetite for risk, assurances were provided that any risks investing with 'H' could be minimised.

Given all this I don't think, on balance, that any advice or warning from Barclays about Mr R or 'A' would've likely resonated with Ms D or given her any cause for concern. And any concerns that might've been raised about 'H' or 'P' would've likely, in my opinion, have been allayed by Mr R.

All things considered; I don't think it would've been readily apparent in November 2018 that 'H' might be fraudulent rather than a higher risk investment. I simply don't think Barclays could readily have uncovered information – especially through proportionate enquiry in response to a payment - that would've led to significant doubts about the legitimacy of 'H' or 'P' at that point in time. Neither do I think Ms D could've uncovered such information at the time – she wasn't at fault here.

To recap, I can only reasonably expect any intervention or enquiries made by Barclays to have been proportionate to the perceived level of risk of 'H' being fraudulent. I don't think that a proportionate enquiry in November 2018 would've led to either Barclays or Ms D considering 'H' or 'P' being anything other than legitimate. With that in mind, and all considered, I'm not persuaded that Barclays was at fault for carrying out the relevant payment instruction, or for not preventing Ms D from making her payment.

In terms of trying to recover the lost funds; I'd expect Barclays to attempt this at the point it's alerted to the loss. But almost five years had passed by the time Ms D contacted Barclays. Furthermore, both 'H' and 'P' had gone into liquidation by this point and recovery from 'M' wasn't possible as it was acting as a payment processor for 'P'.

Therefore, I can't say Barclays had any reasonable prospect of recovering the funds in 2023 given the passing of time; and because 'H' and 'P' had gone into liquidation more than three years before.

I have a great deal of sympathy for Ms D and the loss she's suffered. But it would only be fair for me to direct Barclays to refund her loss if I thought it was responsible – and I'm not persuaded that this was the case. And so, I'm not going to tell it to do anything further.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms D to accept or reject my decision **before 5 March 2025**.

Anna Jackson
Ombudsman