

The complaint

Mr G's complaint is about the actions of Barclays Bank UK PLC (Barclays) after he was the victim of an investment scam. He thinks Barclays should have done more to protect him against this fraud.

Mr G wants Barclays to refund the money he paid along with interest and to pay him compensation for the distress and inconvenience he has been caused.

Mr G is represented by a third party but for ease of reference I have referred to Mr G throughout this decision.

What happened

Mr G made two payments from his Barclays account to an account in his name at another bank.

| Date / time | Amount | Transaction Type |
|-------------------------|---------|------------------|
| 3 November 2023 / 14:32 | £5,000 | Faster payment |
| 4 November 2023 / 14:06 | £20,000 | Faster payment |

Mr G said that he received a call in April 2023 from an individual claiming to be from a property investment company. He said the individual showed professionalism and knowledge and he checked the investment company's name on the Companies House website. He said that he initially held off investing as he wanted to do his own research but after doing this believed the investment to be real. He said he was told the minimum investment was £25,000 and he paid this in November 2023.

Mr G said that after making the investment, communication with the property investment agent slowed and his calls were blocked. He said he realised the company he had paid money to was a clone of a legitimate business. He said he wasn't aware that this could happen. Mr G believes that there were sufficient red flags regarding his payments that meant Barclays should have intervened to stop them.

Barclays issued a final response to Mr G's complaint dated 5 January 2024. It acknowledged Mr G's concerns that he had been a victim of a scam but noted that at the stage of writing it was challenging to identify it as a scam as the promised investment return wasn't yet due (three-year investment term). Barclays noted that both of Mr G's payments were flagged by its fraud detection systems, and it had conversations with Mr G before each payment was made. It said that Mr G confirmed he had checked the investment details and that he wanted to proceed with the payments. It said that due to the lack of conclusive evidence and it being unable to establish if a fraud had occurred, it didn't uphold this complaint.

Mr G referred his complaint to this service.

Our investigator didn't uphold this complaint. They noted that Mr G had confirmed he had carried out his own research into the investment and that the payments were being made to his own account for a property investment. Our investigator didn't think that based on the available evidence Barclays should have been aware this was a scam, and they thought the interventions Barclays made before each payment were reasonable. As Mr G was clear he wanted the payments to proceed, they didn't think any further interventions would have changed the outcome.

Mr G didn't accept our investigator's view. He said that the person he now believes to be a scammer, spoke directly to the bank and provided explanations about the account which should have been a major red flag. He thought this should have raised concerns that he was under the influence or control of an external party. Mr G said he had disclosed that the details of the account he was making payments to were provided to him by email which he said should have been seen as unusual given the account was in his name. He said that Barclays should have questioned in more detail the involvement of the third party and the nature of the investment. He believed that Barclays should have insisted on direct communication with him without the presence of any third parties and he didn't think Barclays' warnings were sufficient.

As a resolution hasn't been agreed, this complaint has been passed to me, an ombudsman, to issue 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.

When making a decision I take all relevant rules, regulations and guidance into consideration. In this case, Mr G authorised two payments from his Barclays account in November 2023. The first was for £5,000 and the second for £20,000. Under the Payment Service Regulations 2017, the starting point is that Mr G is liable for the payments he authorised. However, Barclays should have systems in place to look out for out of character or unusual transactions, or other signs that might indicate that its customers are at risk of fraud. The payments were made after the Consumer Duty came into effect which sets standards for consumer protection across financial services and includes new cross-cutting rules for businesses one of which is to "*Avoid causing foreseeable harm to retail customers*".

Before I consider what action Barclays should have taken, I need to identify whether the investment was a scam. Mr G said that he was first contacted in April 2023 about the investment, and he then spent time doing his own research before investing in November 2023. He carried out due diligence on the investment company including checking the company details on Companies House. I can see from the information Mr G was provided that this matched details recorded on Companies House of a property investment company, but he said that he later realised the person he was in contact with wasn't part of this company but a company with a similar name. The investment had a three-year term and I note Barclays comment that when Mr G raised his fraud concerns the duration of the investment hadn't expired. Mr G believes the investment to be a scam noting that after he had made the payments communication slowed and his number was blocked.

While there is some uncertainty as to whether this was a scam, I haven't investigated this further as I think the action taken by Barclays regarding the transactions were what we would have reasonably expected given the circumstances.

Mr G made the first payment of £5,000 on 3 November 2023. I have looked at his account and can see he had made other payments of this amount and larger in the preceding days.

So, I cannot say that it was out of character at that time for Mr G. The payment was being made to an account in Mr G's name and so it isn't covered by the APP scam reimbursement rules.

While the payment was being made to an account in Mr G's name and was for an amount he had made payments for before, it was still a large transaction and I can see that it was flagged by Barclays' fraud detection systems. Mr G was in branch making the transaction and was transferred to the fraud team to discuss this. He was asked about the payment being made and he explained it was for an investment in property and that he made other investments in property and had done his research. He said the payment was to an account in his name. When asked further about this he said he hadn't made a payment to the account before and that the account was set up for the investment. He was asked why this needed to happen and he said that it was how it needed to happen and that he had done his research and wasn't worried. He said he had been in touch with the investment contact since April 2023 and that he hadn't been told what to say.

Given the size of the transaction, that it was to an account in Mr G's name and that he had made similar size transactions previously, I think the intervention by Barclays, being a telephone call, was reasonable. While I think some of Mr G's answers to the adviser's questions raised concerns, these were explored further and Mr G was clear he was confident in the investment, was aware of the risks of scams and that he wanted it to go ahead. Based on this, I find it more likely than not that if further questions had been asked, Mr G wouldn't have been dissuaded from making the payment.

On the call regarding the £5,000 payment, Mr G said that he would be making a second payment of £20,000 in the next day or so, once he had received the paperwork. He asked if this would be stopped. The adviser said she couldn't confirm that this wouldn't be flagged but said she would note her conversation.

Mr G made a payment for £20,000 on 4 November 2023, the day after the £5,000 payment. As with the £5,000 payment this payment was made to an account in his name at another entity. This was a much larger transaction, and while Mr G had made other transactions for similar amounts around this time, it did appear that his use of the account had changed compared to previous months where the account was used for more day-to-day spending or transfers to savings.

Mr G's payment was flagged by Barclays's fraud detection systems, and he contacted Barclays about this. Mr G was told he would be contacted by the fraud team within the hour but when this didn't happen, he contacted Barclays again. Mr G was transferred to the fraud team and was asked various questions about the payment. He said he hadn't been approached about the investment and had found it himself and carried out his own research. Mr G was asked if he had seen the payment he had made for £5,000 the previous day in his account. At this point, Mr G asked the adviser to wait and he made a call to a third party. He then rejoined the call saying the account was an escrow account and that he was provided the details of the account by email. It is clear that the third-party had remained on the call and was linked to the transaction based on the interjections they made. Mr G said that he wouldn't be able to access the account until he had received his card a few days later. I think the account set up for Mr G should have raised concerns. Not only was Mr G being required to put money through a new account set up in his name, but his answers also suggested he hadn't independently set this up and didn't have access to the account at the time.

Given the answers Mr G provided, I think the Barclays adviser was right to confirm whether the email Mr G had been sent with the account details had the same email address as other emails he had received from the investment company and to confirm that he hadn't been pressured into the investment. The Barclays adviser also recommended that Mr G wait until

he had seen the £5,000 in his account before making the next transfer and noted that once the payment had been made it would be very difficult for it to be recovered. However, Mr G confirmed he wanted to go ahead with the £20,000 payment.

Mr G has said that further action should have been taken before the second payment was made due to the answers he gave and that a third-party was involved in the call. I have considered this but, in this case, I think that even if Barclays had required a further call with no other parties involved, this wouldn't have changed the outcome. Mr G made it clear it was his choice of investment and he had researched it and wanted to go ahead.

Taking the above into consideration, I find that Barclays did take reasonable action by speaking with Mr G before releasing the payments. Mr G made it clear he was aware of scams and that he had researched this investment and wasn't being pressured into it. While I think some of his answers should have raised concerns, in this case I do not find that further questions would likely have resulted in Mr G not going ahead, given his clear belief at the time that this was a genuine investment. Therefore, I do not require Barclays to do anything further regarding this complaint.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 30 June 2025.

Jane Archer
Ombudsman