

## The complaint

Miss H is complaining about Barclays Bank UK PLC because it declined to refund money she lost as a result of fraud.

## What happened

Events appear to have begun when Miss H responded to a fake text about a parcel delivery. A few days later, on 26 October 2023, she was contacted by a scammer who had spoofed a legitimate phone number for another bank she held an account with and claimed to be from its fraud department. The scammer told Miss H her accounts with Barclays and other banks had been compromised and she was guided through a process of moving money from these accounts to a newly set up account with an Electronic Money Institution (EMI). She was then guided in moving her money from the EMI to a cryptocurrency account from where it was lost to the scam.

Miss H's complaint concerns the following payments (all on 26 October 2023) from her Barclays account (as confirmed by account statements) that were lost to the fraud:

No.	Time	Type	Recipient account	Amount £
1	18.15	Transfer	EMI	600
2	18.20	Transfer	Miss H's account with another bank	1,400
3	18.36	Transfer	EMI	500
4	18:39	Transfer	EMI	400
5	18:52	Card	EMI	400

Between payments 4 and 5, Miss H tried to make a further transfer to the EMI but this was referred for further investigation by Barclays and wasn't processed. Miss H then switched to making payment 5 by card before Barclays then declined further attempts to make additional card payments.

Miss H has made complaints about other businesses in connection with this scam and I've considered those in separate decisions.

Our investigator didn't recommend the complaint be upheld. She didn't think Barclays had done anything wrong in processing the payments it did.

Miss H didn't accept the investigator's assessment and (in summary) made the following key points:

- There were several factors that should have alerted Barclays to the possibility a scam was taking place. She points out that she cleared out her ISA to fund these payments to a new account with the EMI and that two different payment methods were used.
- Barclays should have realised the payments constituted an unusual pattern of activity for her account.

- She also questions why Barclays allowed payment 5 to be made after it had already stopped a payment to the same payee.
- One of the other banks from which she made payments to the scam identified there was a risk of fraud after only one payment to the EMI and Barclays should also have identified the risk sooner.

The complaint has now been referred to me for review.

### **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 reached the same overall conclusions as the investigator. I haven't necessarily commented on every single point raised but concentrated instead on the issues I believe are central to the outcome of the complaint. This is consistent with our established role as an informal alternative to the courts. In considering this complaint I've had regard to the relevant law and regulations; any regulator's rules, guidance and standards, codes of practice, and what I consider was good industry practice at the time.

In this case, there's no dispute that Miss H authorised the above payments. In making her complaint, Miss H has made a number of references to the Contingent Reimbursement Model (CRM) Code that provides for customers to be refunded in some (but not all) circumstances. But the code isn't relevant here as it only covers payments to third parties, not payments to other accounts in the customer's own name.

In broad terms, the starting position at law is that a bank such as Barclays is expected to process payments a customer authorises it to make, in accordance with the Payment Services Regulations and the terms and conditions of their account. In this context, '*authorised*' essentially means the customer gave the business an instruction to make a payment from their account. In other words, they knew that money was leaving their account, irrespective of where that money actually went.

There are, however, some situations where we believe a business, taking into account relevant rules, codes and best practice standards, shouldn't have taken its customer's authorisation instruction at 'face value' – or should have looked at the wider circumstances surrounding the transaction before making the payment.

Barclays also has a duty to exercise reasonable skill and care, pay due regard to the interests of its customers and to follow good industry practice to keep customers' accounts safe. This includes identifying vulnerable consumers who may be particularly susceptible to scams and looking out for payments which might indicate the consumer is at risk of financial harm.

Taking these things into account, I need to decide whether Barclays acted fairly and reasonably in its dealings with Miss H.

#### *Payments 1 to 4*

I must take into account that many similar payment instructions received by Barclays will be entirely legitimate and it's not practical for a bank to question every payment a customer tries to make. Also, it wouldn't necessarily have known Miss H's EMI account had only been set up on that day. I've considered Miss H's comments on this point very carefully. But having considered what Barclays did know, including past account activity, the overall volume and

nature of all transactions on the day, the fact money was going to accounts in her own name and the amounts involved, I'm not persuaded it ought to have been particularly concerned about the payments or that it was at fault for processing them in line with Miss H's instructions.

As events unfolded and more payments were instructed, a pattern more akin to fraudulent behaviour did begin to emerge and Barclays acted to prevent an attempted transfer after payment 4. On balance, I'm satisfied this was a reasonable place for the bank to intervene in the sequence of payments.

I note Miss H's comments about the actions of one of the other banks she dealt with that stepped in to stop payments at an earlier stage and I'm glad that such swift action prevented even further losses to the scam. But the fact another bank appears to have intervened to stop payments sooner doesn't automatically mean that Barclays should have done the same. As outlined above, taking account of all the circumstances, I'm satisfied it was entitled to process the payments 1 to 4 in the way it did.

### *Payment 5*

Barclays has explained that the attempted payment at 18.50 (in between payments 4 and 5) was deferred for further investigation by its fraud detection system. In the circumstances, I think it follows that the bank shouldn't have viewed payment 5 (to the same payee) with similar suspicion and shouldn't have processed it until it had attempted to satisfy itself the payment was for a legitimate reason. Barclays has provided no evidence of any such checks and the fact payment 5 occurred only two minutes after the previous attempt had been deferred indicates no meaningful intervention was concluded.

In the circumstances, I think a proportionate response to the risk presented by payment 5 would have been for Barclays to ask Miss H about the reason for the payment and provide a tailored warning covering the type of scam that could be unfolding based on the answers she gave.

I've thought carefully about whether an intervention of this type would have been effective in this case and, on balance, it's my view that Miss H would still have wanted to go ahead with the payment. As established in her complaint about the EMI, where written warnings were shown, Miss H was being guided through the process by the scammer (who she genuinely believed to be from her bank's fraud department and who was trying to help her protect her money) and was told how to answer questions about the payment and to ignore the warnings generated by her answers.

The effectiveness of any written warning by a bank is dependent upon the answers it receives when it asks about a payment and the willingness of the customer to take notice of that warning. Based on what happened with the intervention by the EMI, I think it's most likely Miss H would have again been encouraged to give inaccurate information about the reason for the payment, meaning any warning generated wouldn't necessarily have resonated with her, and then ignored any warning (on the advice of the scammer) in any event.

So, even if Barclays had intervened in the payment process as I've suggested, I don't think it's likely the loss from payment 5 would have been prevented.

### *Recovery of funds*

I've also looked at whether Barclays could or should have done more to try and recover Miss H's losses once it was aware that the payments were the result of fraud.

Barclays has previously accepted it didn't raise a fraud claim as soon as it should have. But, ultimately, I don't think anything it could have done differently would have led to these payments being successfully recovered. Miss H transferred funds to legitimate accounts in her own name. From there, she purchased cryptocurrency and moved it onto the scammers. Barclays could only have tried to recover money from Miss H's own accounts and it appears all the money had already been moved on and, if not, anything that was left would still have been available to her to access.

I'm conscious payment 5 was a card payment, so I've considered whether Barclays should have tried to recover the money through the chargeback scheme. This is a voluntary agreement between card providers and card issuers who set the scheme rules and is not enforced by law. A chargeback isn't guaranteed to result in a refund, there needs to be a right to a chargeback under the scheme rules and under those rules the recipient of the payment can defend a chargeback if it doesn't agree with the request.

We'd only expect Barclays to have raised a chargeback claim if it was likely to be successful and it doesn't appear that would have been the case here. Miss H paid a legitimate account in her own name. Her disagreement regarding this particular transaction is with the scammer, not the EMI the money was transferred to, and it wouldn't have been possible for Barclays to process a chargeback claim against the scammer as she didn't pay them directly.

#### *In conclusion*

I want to be clear that it's not my intention to suggest Miss H is to blame for what happened in any way. She fell victim to a sophisticated scam that was carefully designed to deceive and manipulate its victims. I can understand why she acted in the way she did. But my role is to consider the actions of Barclays and, having done so, I'm not persuaded these were the cause of her losses.

I recognise Miss H has been the victim of a cruel scam and I'm sorry she lost this money. I realise the outcome of this complaint will come as a great disappointment but, for the reasons I've explained, I don't think any further intervention by Barclays would have made a difference to the eventual outcome and I won't be telling it to make any further refund.

#### **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 Miss H to accept or reject my decision before 14 April 2025.

James Biles  
**Ombudsman**