

The complaint

Mr U complains Barclays Bank UK PLC won't refund the full amount of money he lost to a scam.

What happened

The background to this complaint is well-known to both parties, so I won't repeat it in detail here. But in summary and based on the submissions of both parties, I understand it to be as follows.

Mr U complains that on 03 and 08 May 2024 he sent two payments to what he thought was a legitimate investment.

Mr U says he came across an advert on a well-known social media platform and after expressing his interest in the investment, was contacted by the scammer.

Mr U made two payments totalling £10,000, but it was when he was asked to pay a significant amount of money to release his profits that he realised he'd been scammed. So, Mr U raised a complaint with Barclays.

Barclays looked in the complaint but didn't uphold it. So, Mr U brought his complaint to our service.

Our investigator looked into the complaint but didn't uphold it. Our investigator found that Barclays did intervene and speak to Mr U, but he wasn't accurate with his responses to the questions it asked. She also found that Barclays gave Mr U a warning about cryptocurrency scams, but Mr U went on to send the money anyway.

Mr U didn't agree with the investigator's view. 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'm aware that I've summarised this complaint briefly, in less detail than has been provided, and in my own words. No discourtesy is intended by this. Instead, I've focused on what I think is the heart of the matter here. If there's something I've not mentioned, it isn't because I've ignored it. I'm satisfied I don't need to comment on every individual point or argument to be able to reach what I think is the right outcome. Our rules allow me to do this. This simply reflects the informal nature of our service as a free alternative to the courts.

I don't doubt Mr U has been the victim of a scam here – he has lost a large sum of money and has my sympathy for this. However, just because a scam has occurred, it does not mean Mr U is automatically entitled to recompense by Barclays. It would only be fair for me

to tell Barclays to reimburse Mr U for his loss (or a proportion of it) if: I thought Barclays reasonably ought to have prevented all (or some of) the payments Mr U made, or Barclays hindered the recovery of the payments Mr U made – whilst ultimately being satisfied that such an outcome was fair and reasonable for me to reach.

I've thought carefully about whether Barclays treated Mr U fairly and reasonably in its dealings with him, when he made the payments and when he reported the scam, or whether it should have done more than it did. Having done so, I've decided to not uphold Mr U's complaint. I know this will come as a disappointment to Mr U and so I want to explain why I've reached the decision I have.

I have kept in mind that Mr U made the payments himself and the starting position is that Barclays should follow its customer's instructions. So, under the Payment Services Regulations 2017 (PSR 2017) he is presumed liable for the loss in the first instance. I appreciate that Mr U did not intend for his money to ultimately go to fraudsters – but he did authorise these payments to take place. However, there are some situations when a bank should have had a closer look at the wider circumstances surrounding a transaction before allowing it to be made.

Considering the relevant: law and regulations; regulators' rules, guidance and standards; codes of practice; and, where appropriate, what I consider to be good industry practice at the time - 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 payment service providers are generally more familiar with than the average customer.
- In some circumstances, irrespective of the payment channel used, have taken additional steps, or make additional checks, before processing a payment, or in some cases decline to make a payment altogether, to help protect customers from the possibility of financial harm from fraud.
- Have been mindful of – among other things – common scam scenarios, how the fraudulent practices are evolving (including for example the common use of multistage fraud by scammers, including the use of payments to cryptocurrency accounts as a step to defraud consumers) and the different risks these can present to consumers, when deciding whether to intervene.

So, I've thought about whether the transactions should have highlighted to Barclays that Mr U might be at a heightened risk of financial harm due to fraud or a scam.

The first successful payment Mr U made was much larger than any that had left his account before and was going to a known cryptocurrency provider. So, I would have expected Barclays to have been concerned Mr U was at risk of financial harm, which it was.

Although I think a proportionate intervention at this point would've been an automated warning to establish the details surrounding the payment, Barclays went straight to human intervention with an advisor.

Barclays have told us that it stopped the payment before it completed and took Mr U into its live chat function. From the call I've listened to, the Barclays advisor asked proportionate questions to establish more details relating to the payment and its purpose.

As well as not providing an accurate response to the payment purpose, Mr U told the advisor that he didn't intend to send the payment on after it entered his own wallet, he wasn't being guided by anyone and he hadn't downloaded any screen sharing software. Mr U also said he was being guided by his son. All of the above wasn't an accurate reflection of what was really happening.

Having considered the answers Mr U was giving, I'm satisfied that his story seemed plausible and wouldn't have raised any red flags with the Barclays employee. The Barclays advisor did have concerns that the money had only just entered his account before being sent back out again, but Mr U reassured the advisor that he wasn't at risk of financial harm.

As Mr U did not provide accurate responses to Barclays questions, he denied it the opportunity to attempt to uncover the scam and prevent his losses. Even if Barclays had asked further questions (which I'm not convinced it needed to), I'm not persuaded that Mr U would have been open and honest with his answers to those either.

Barclays' intervention must not amount to an interrogation and having listened to the available call the questions it asked were appropriate. I am satisfied enough information was brought to Mr U's attention overall to put him on notice, considering his awareness of the wider details of his investment he hadn't shared, that there could be a risk of fraudulent activity.

Barclays then went on to give Mr U a general warning about cryptocurrency scams, but this too didn't prevent Mr U from making the payments.

I am sorry to hear about the vulnerabilities Mr U had at the point he made these payments. The impact this had on Mr U is not something I have overlooked when reaching my decision either. However, I have not seen a pattern emerge that would have highlighted to Barclays that Mr U had vulnerabilities outside of his age or an illness, or that they may have been impairing his decision-making during this scam. I am empathetic towards him, but I do not consider his vulnerabilities, in isolation of any other clear indicators of a potential risk of financial harm, to be something that should have triggered further red flags for Barclays.

Recovery

After the payments were made, I couldn't reasonably expect Barclays to have done anything further until Mr U told it that he had been scammed.

Unfortunately, as Mr U paid the money to wallets in his name and then moved the money on to the scammer, any attempt at recovery was hindered. I say this as Barclays would only be able to attempt recovery from where it sent the payments, and we know that money was no longer under Mr U's control. If it had been, he could've simply returned it himself.

Because of the above, I'm not persuaded Barclays could have successfully recovered Mr U's funds.

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 Mr U to accept or reject my decision before 31 May 2025.

Tom Wagstaff

Ombudsman