

The complaint

Mr A and Mrs K complain that Barclays Bank UK PLC (“Barclays”) failed to refund transactions they didn’t recognise.

What happened

Mrs K was the main account holder involved with this complaint, so I’ll mainly refer to her for ease of reading.

Mrs K reported to Barclays that several transactions had left the joint account that she didn’t recognise. A number of transactions were made to two different financial businesses. Two of the payments were still “pending” when the loss was reported. This meant that these two transactions hadn’t completed the full payment process (collected by the recipient business) but had already been authorised.

Barclays issued a temporary refund for four of the transactions and later applied another temporary refund for one of the remaining transactions. Mrs K was asked to complete dispute forms regarding her loss and after completing them, sent them back to Barclays.

Barclays didn’t think they’d received the forms and removed the temporary refund. Mrs K was in contact with Barclays on several occasions and resent her forms in. Barclays repaid the temporary refund, including the additional transactions reported earlier by Mrs K.

After investigating the circumstances, Barclays advised Mrs K that they didn’t think the payments were unauthorised and advised her they were (again) taking the temporary refunds back.

Mrs K complained about Barclays treatment of her and their decision to withhold a refund. They looked at how they’d investigated the matter and again concluded that they weren’t going to refund Mrs K. They did accept they’d inconvenienced Mrs K and delayed the dispute by the way they’d handled it. Barclays made a number of payments totalling £225 to compensate Mrs K.

Mrs K was left unhappy with Barclays handling of her complaint and brought it to the Financial Ombudsman Service for an independent review. An investigator was assigned to look into the issue and both parties were asked to provide information about the situation.

Mrs K was able to say that:

- No one else had access to her phone which is protected by a passcode.
- No one else had access to her card.
- She didn’t know how the transactions had been made.

Barclays provided details of the transactions and records of the dispute. In summary this showed that:

- The disputed transactions were made using payment cards issued to Mrs K.
- Her mobile phone was used to register Apple Pay, which was used in several of the payments.
- Her mobile phone was used to confirm some of the payments using the Barclays app.
- IP address information showed a consistent address was used when some of these payments were made.
- Mrs K had also logged into her account using the same IP address during the period of the disputed transactions.
- There was no evidence that Mrs K had lost her phone.

After reviewing the information, the investigator concluded that Barclays hadn't shown sufficient evidence that Mrs K had authorised the transactions. He recommended that Barclays refund the disputed transactions and add interest. He also concluded that Barclays pay £200 for the distress and inconvenience caused to Mrs K.

Barclays disagreed with the investigator's opinion and provided additional data supporting their assertion that Mrs K was responsible for the disputed transactions.

As no agreement could be reached, the complaint has now been passed to me for a decision. As part of my own investigation, I wanted to understand more about the circumstances of the transactions and asked Mrs K if she could explain how the transactions she's disputed were made using her phone and from a consistent IP address (location data of the device)?

Mrs K was unable to offer any further explanation apart from a belief that she may have been hacked.

I also asked Barclays to explain some of their authentication data concerning a specific Apple Pay registration which appeared to have been registered after two of the payments associated with it had already been made. They provided evidence to show the Apple Pay registration was used earlier than some of their records showed, indicating it had already been set up on Mrs K's device and used to make undisputed transactions prior to the loss reported by her.

I issued my provisional findings on the merits of Mr A and Mrs K's complaint on 15 November 2024. In my provisional findings, I explained why I didn't intend to uphold their complaint and offered both sides the opportunity to submit further evidence or arguments in response. An extract of that decision is set out below and forms part of this final decision:

"What I've provisionally 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.

The relevant law surrounding authorisations are the Payment Service Regulations 2017. The basic position is that Barclays can hold Mrs K liable for the disputed payments if the evidence suggests that it's more likely than not that she made them or authorised them, but Barclays cannot say that the use of Apple Pay or online payment details for internet banking conclusively proves that the payments were authorised.

Unless Barclays can show that consent has been given, it has no authority to make the payment or to debit Mrs K's account and any such transaction must be regarded as unauthorised. To start with, I've seen the bank's technical evidence for the disputed transactions. It shows that the transactions were authenticated using the payment tools issued to Mrs K.

It's not my role to say exactly what happened, but to decide whether Barclays can reasonably hold Mrs K liable for these transactions or not. In doing so, I'll be considering what is most likely on a balance of probabilities.

Having reviewed the Apple Pay data, I'm satisfied the original registration was earlier than shown on some of Barclays data. I say that because the same Apple Pay registration was used prior to the disputed transactions for other purchases. That means here that the Apple Pay function was already authorised on Mrs K's device prior to the disputed transactions being made, despite some information showing it was done after.

Having now assessed the evidence, I've come to a different conclusion than that recommended by the investigator. Mrs K has asserted that she knew nothing about the transactions, nor was anyone else able to use her phone or cards.

Barclays have provided evidence that shows Mrs K's registered phone was used throughout the various processes involved in these disputed transactions.

Some of them were made with the Apple Pay function set up on her phone, some of them used an additional "in-app" security step that was accessed again through her phone. I asked Mrs K about this, and she was unable to offer any explanation, other than that her phone was hacked. Given the security set up on Mrs K's phone – which she confirmed was a personal identification number (PIN) specific to that device, it seems unlikely that an unknown third party was able to use it to make these payments. It's also unlikely that anyone else was able to open the Barclays app and authorise the final security step without knowing the passcodes to access the Barclays app.

I've also reviewed the IP address data, which is a way to identify physical locations that online transactions/devices are connected to and can be their actual physical location or other locations connected to the provider of the data services.

Here, that data shows a consistent IP address was used by Mrs K's device for both logging on to the Barclays app throughout the period the disputed transactions took place and for some of the payments requiring an additional security step. What that means here is that the phone was likely used in a common location frequented by Mrs K. It's recognised that IP address data can be manipulated, but I don't think that's what happened here.

So, it seems unlikely that these transactions were carried out by persons unknown to Mrs K. The evidence supports the case that Mrs K's own phone was used to make these payments and as there's no plausible explanation how that could have been carried out by anyone else without her knowledge, I think it's more likely than not that Mrs K was responsible for these transactions.

I realise this change in outcome will be a shock to Mrs K, but unfortunately my current thoughts are that it's implausible that these transactions were carried out by unknown third parties and without evidence to the contrary, I'm currently minded not to uphold the disputed transaction aspect of her complaint.

I've also considered the way that Barclays handled Mrs K's dispute and it's apparent that they didn't deal with it in the way I'd expect. They've accepted they let Mrs K down and

caused her inconvenience and delays and paid £225 over several different payments to compensate her. I wouldn't disagree with Barclays own assessment of their performance and given the impact this had on Mrs K, I think that the payment they made is both fair and reasonable in the circumstances and I won't be asking the to do anything further concerning this.

My provisional decision

I'm currently intending not to uphold this complaint."

I invited Mr A and Mrs K and Barclays to give me any more evidence and information they wanted me to consider before issuing my final decision. Barclays didn't respond and Mrs K provided copies of several receipts from one of the merchants she'd been in touch with.

Mrs K confirmed she hadn't registered with the companies who received her funds, although the details contained on the receipts were in Mrs K's name and referred to her home address and current mobile number (the same one registered with our service).

Mrs K believed the details related to the loss of her funds could have been manipulated by a hacker and she maintained she wasn't responsible. Mrs K also explained the impact the loss of funds had had on her.

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, and as neither party had anything further to add that would change my opinion, I see no reason to reach a different conclusion. So, this final decision confirms the findings set out in my provisional decision.

I was sorry to hear of the personal loss suffered by Mr A and Mrs K during this time and appreciate the additional information they were able to provide. I've reviewed the receipts she sent through and note they only contain Mrs K's details and phone number. I couldn't see any other details that indicated anyone else was involved here. As I've already mentioned, it's unlikely that these payments could have been undertaken without significant knowledge known only to Mrs K. If it was someone unknown to her, why would they register her own phone number on the account?

I'm afraid I haven't seen anything that would persuade me that unknown third parties were able to compromise her details and set up these payments. The evidence available to me indicates it was Mrs K's own device used from a common IP address that was used as part of the payment process.

I think it's implausible to conclude they weren't authorised without stronger evidence to the contrary. That means I think it's more likely than not that Mrs K carried out these transactions herself – or that someone else with consent did so.

I realise this will be a difficult message for Mrs K – but it's what the evidence leads me to conclude when looking at all the circumstances objectively here.

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 A and Mrs K to

accept or reject my decision before 24 March 2025.

David Perry
Ombudsman