

## **The complaint**

Mr J complains that Barclays Bank UK PLC ('Barclays') won't refund the money he lost when he fell victim to a scam.

## **What happened**

Mr J says that he heard about an investment opportunity with a company I'll refer to as T in this decision through a trusted friend. T used AI technology to buy and sells shares to increase profit. Mr J registered on T's platform and was added to a group chat.

Mr J was advised to send the transactions from an existing EMI account. On 5 November 2023 Mr J transferred two lots of £2,000 from his Barclays account to his Electronic Money Institution ('EMI') account and from there transferred funds as requested by a representative of T. Mr J was able to see profits on the platform. He was then advised of a bonus which involved doubling his money, so he made a further payment of £215 on 20 November 2023, again via his EMI account. As a result of a currency fee this wasn't enough to achieve the bonus, and Mr J made a card payment to a cryptocurrency exchange of £218.50.

Mr J realised something was amiss when the platform told him his withdrawal request had been successful, but he didn't receive the funds. He reported the scam to Barclays on 29 November 2023.

Barclays didn't agree to reimburse Mr J. It said that it couldn't reimburse his loss under the Contingent Reimbursement Model Code (CRM Code) as it was a Ponzi scheme. Mr J then asked Barclays to reimburse the second £2,000 transaction as he said it was taken fraudulently but Barclays declined to do so.

Mr J was unhappy with Barclays' response and brought a complaint to this service. He said that he made an initial investment of £2,000 but the merchant fraudulently took a second payment of the same amount – so he would like Barclays to reimburse £2,000.

## *Our investigation so far*

The investigator who considered this complaint recommended that Barclays reimburse 50% of Mr J's loss plus interest. She said that Barclays should have intervened when Mr J made two payments which took him into overdraft and that, had it done so, his loss would have been prevented. But Mr J didn't complete enough checks before investing and should share responsibility for his loss.

Barclays didn't agree with the investigator's findings and asked for a final decision. It said that it should not be held liable for losses that occurred after Mr J transferred funds to another account in his own name, and in circumstances where Barclays wouldn't be held liable by the courts, the CRM Code, and mandatory reimbursement scheme. And inter account transfers of the type Mr J made here are not unusual.

The complaint was passed to me to decide. I intended to reach a different outcome to the investigator, so I issued a provisional decision on 10 February 2025. In the 'What I have provisionally decided – and why' section of my provisional decision I said:

"I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

In deciding what's fair and reasonable, I am required to take into account relevant law and regulations, regulators' rules, guidance and standards, and codes of practice; and, where appropriate, I must also take into account what I consider to have been good industry practice at the time.

I recognise that Mr J is the victim of a scam and has suffered a loss. But that doesn't automatically mean that Barclays should reimburse him.

I've listened to the recordings of the calls Mr J had with Barclays when he reported the scam. He explained that he made two transfers to his EMI account of £2,000 each, a later transfer of £215, and a card payment to a merchant (a provider of cryptocurrency) of £218.50. Barclays said it would look into the transfers and transferred Mr J to its disputes team to discuss the card payment.

Mr J later said that he only wanted to claim one payment of £2,000 which was taken by the merchant fraudulently. I'm unsure what Mr J means by the merchant, as the transfers from his Barclays account went to his existing EMI account so there was no merchant involved. I've also seen evidence from Barclays which proves that these transfers were made by Mr J using his registered device.

So I've considered whether Barclays acted reasonably when it processed the transfers to Mr J's EMI account.

In broad terms, the starting position at law is that a bank such as Barclays is expected to process payments and withdrawals that a customer authorises it to make, in accordance with the Payment Services Regulations (in this case the 2017 regulations) and the terms and conditions of the customer's account.

But, taking into account relevant law, regulators rules and guidance, relevant codes of practice and what I consider to have been good industry practice at the time, I consider it fair and reasonable at the time the payments were made that Barclays should:

- have been monitoring accounts and any payments made or received to counter various risks, including 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 firms are generally more familiar with than the average customer;
- have acted to avoid causing foreseeable harm to customers, for example by maintaining adequate systems to detect and prevent scams and by ensuring all aspects of its products, including the contractual terms, enabled it to do so;
- in some circumstances, irrespective of the payment channel used, have taken additional steps, or made additional checks, or provided additional warnings, before processing a payment; and
- have been mindful of – among other things – common scam scenarios, how the fraudulent practices are evolving (including for example the common use of multi-stage 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.

In this case, I don't consider Barclays acted unfairly or unreasonably in processing the payments Mr J made. I appreciate this will come as a real disappointment to him, but I have to be fair to both parties.

I think Barclays could reasonably be reassured by the fact that Mr J was transferring funds to an existing beneficiary he had previously paid. The funds were going to an account in his name and under his control and the amounts involved weren't at a level where I'd expect

Barclays to have had concerns or intervened. There's a balance to be struck between identifying payments that could potentially be fraudulent and minimising disruption to legitimate payments. Whilst banks have obligations to act in their customers' best interests, they can't reasonably be involved in every transaction. To do so would involve significant disruption to legitimate payments.

I note that Barclays raised a dispute in respect of the card payment to a cryptocurrency provider which was challenged as the merchant provided the cryptocurrency. In the circumstances I can't fairly say Barclays could do anything more.

Overall, whilst I'm sorry to hear of Mr J's loss, I'm not provisionally minded to uphold his complaint".

#### *Responses to my provisional decision*

Mr J didn't agree with my provisional decision. In summary, he raised the following points:

- Advisors from Barclays told him he should be refunded as Barclays was at fault. It had seen similar scams and Mr J was told Barclays should have called as the payment was flagged as unusual.
- It wasn't a Ponzi scheme.

#### **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.

In deciding what's fair and reasonable, I am required to take into account relevant law and regulations, regulators' rules, guidance and standards, and codes of practice; and, where appropriate, I must also take into account what I consider to have been good industry practice at the time.

After carefully considering the additional points raised by Mr J, I'm not persuaded to reach a different outcome to the one set out in my provisional decision (and reproduced above). I don't consider the payments Mr J made were so unusual and out of character that Barclays ought reasonably to have taken additional steps before processing them. They were to an existing beneficiary and were relatively low in value.

I have listened to call recordings between Mr J and advisors from Barclays and have not heard anything about him being told he would receive a refund from Barclays. But even if someone had misadvised Mr J, I'm still not persuaded that Barclays should refund him in the circumstances of this case.

Mr J has said he wasn't involved in a Ponzi scheme. As this point isn't relevant to the decision I have made, I haven't considered it further.

Overall, whilst I'm sorry to hear Mr J has lost funds in a scam, I can't fairly ask Barclays to reimburse his loss.

#### **My final decision**

For the reasons stated, I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr J to accept or reject my decision before 7 April 2025.

Jay Hadfield  
**Ombudsman**