

The complaint

Mr M has complained that Barclays Bank UK PLC won't refund money he says he lost to a scam.

What happened

The details of the complaint are well known to both parties, so I will not repeat them again here. Instead, I will focus on giving the reasons for my 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.

In broad terms, the starting position in law is that a bank is expected to process payments and withdrawals that a customer authorises it to make, in accordance with the Payment Services Regulations and the terms and conditions of the customer's account. And I have taken that into account when deciding what is fair and reasonable in this case.

I'm satisfied that although Mr M didn't intend for his money to go to a fraudster, he did authorise the payments. I understand he wouldn't have authorised the payments if he had known this was a scam, but Barclays is expected to process payments that a customer authorises or instructs it to make, and that is what it did. The Payment Services Regulations (PSRs), state that payments are authorised if the payer consented to them and, in this case, I'm satisfied Mr M consented to the payments. However, where the customer has been the victim of a scam, it may sometimes be fair and reasonable for the bank to reimburse them even though they authorised the payments.

Taking into account the law, regulatory rules and guidance, relevant codes of practice and what I consider having been good industry practice at the time, I consider 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 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.
- Have had systems in place to look out for unusual transactions or other signs that might indicate its customers were at risk of fraud (amongst other things). This is particularly so given the increase in sophisticated fraud and scams in recent years, which banks are generally more familiar with than the average customer.
- In some circumstances, irrespective of the payment channel used, have taken additional steps, or made additional checks, before processing a payment, or in some cases declined to make a payment altogether, to help protect customers from the possibility of financial harm from fraud.

Our service has referenced the relevant rules, codes of practice and good industry practice at the time, in many previous decisions published on our website.

Firstly, I understand that Mr M has said he would like his complaint to be considered in light of the Contingent Reimbursement Model (CRM). But Barclays are under no obligation to refund the money to Mr M under the CRM Code, as the Code only applies to payments made to another person (which wouldn't have been the case here given the payments were made to Mr M's own account he had with an e-money institution (EMI) before being moved on to the scammer).

It's not in dispute that Mr M authorised the disputed payments in question. On 19 June 2024 he sent £2,165.44 to an EMI account in his own name (where the funds were subsequently transferred on to the scammer). While I accept that Mr M didn't intend for his money to go to the fraudsters, under the Payment Service Regulations 2017 (PSRs) Mr M is presumed liable for the loss in the first instance as the payments were authorised by him. This is unless there is sufficient evidence that Barclays should fairly and reasonably have done more to protect Mr M.

With the above in mind, I've considered whether Barclays should have considered these payments as being sufficiently unusual or uncharacteristic that it ought to have given it sufficient grounds for suspecting fraud. Bearing this in mind, I'm satisfied it wouldn't be reasonable to expect Barclays systems to have been triggered by the payment in dispute. I say this because the payment which was made to Mr M's EMI account was for £2,165.44, so relatively low value. Although Mr M typically used his account for low value day to day transactions, he'd made payments of a similar or greater value in the prior 12-months. Because of this, I don't think the value of the payments would've been seen by Barclays as being unusual or out of character for Mr M.

As I have mentioned above, in context of what I would generally expect a bank at that time to identify as suspiciously large, the amount itself isn't remarkably high, it was still in line with the pattern of behaviour on the account not just in relation to value. I say this because having reviewed Mr M's statements it is apparent; Mr M was sending money to an account in his own name. I don't think this type of payment activity would've stood out to Barclays as being as particularly unusual for Mr M. Nor do I think it was so suspicious, or high risk in nature, whereby it gave Barclays sufficient reason to suspect Mr M could be falling victim to a scam.

It follows that, while there are circumstances where it might be appropriate for Barclays to take additional steps or make additional checks before processing a payment, for the above reasons, I think at that time it was reasonable for Barclays to assume the payment in question was being made for legitimate purposes. And so, I think it was reasonable for Barclays to process the payments upon receiving Mr M's instruction.

I have gone on to consider if Barclays took reasonable steps to try and recover the funds once it was made aware on 4 October 2024 (roughly four months after the payment was made). Mr M didn't make the payments to the scammer directly; he transferred the funds to his own account in his name. If these funds had not already been transferred to the scammer by Mr M they would be in his control to access as and when he chose. Barclays would not have been able to attempt to retrieve the funds from the scammer directly as that is not where the funds were originally sent to from Barclays. So, it follows that I won't be asking Barclays to do anything further.

In summary, I know that Mr M will be disappointed with this outcome. Not least because the matter has been ongoing for some time. Despite my natural sympathy for the situation in which Mr M finds himself, for the reasons given, it wouldn't be fair of me to hold Barclays responsible for his loss.

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 M to accept or reject my decision before 24 September 2025.

Jade Rowe
Ombudsman