

## The complaint

Mrs T complains that Barclays Bank UK PLC (Barclays) won't refund all the money she lost in an investment scam.

## What happened

*What Mrs T says:*

Mrs T saw a post on a friend's Instagram page which explained she had made £20,000 profit through investing in crypto currency. Mr T showed interest and her friend introduced her to a person (who turned out to be a scammer). The person's profile showed she had a lavish and luxurious lifestyle, posing with expensive cars, and posting pictures of holiday destinations. The person had 28,000 followers on Instagram and Mrs T was convinced the introduction was genuine.

She created a 'Guaranteed Binary Option' app and sent money to a crypto wallet. She was told she only needed to deposit £1,000 to get a fixed return of £20,000. She made several further payments – as she saw the value of her 'investment' was growing. She was transferred to 'Gold Level', which promised higher returns. The payments were:

	Date	Payment	Amount
1	18 September 2023	Debit card to crypto wallet	£500
2	18 September 2023	Debit card to crypto wallet	£500
3	18 September 2023	Debit card to crypto wallet	£34
4	19 September 2023	Debit card to crypto wallet	£350
5	20 September 2023	Debit card to crypto wallet	£6,000
6	20 September 2023	Debit card to crypto wallet	£6,000
7	20 September 2023	Debit card to crypto wallet	£1,200
8	21 September 2023	Debit card to crypto wallet	£2,300
	<b>Total</b>		<b>£16,884</b>

Then, when Mrs T wanted to make withdrawals, she was asked for more money. She paid another £2,700 from another account. She then called her friend who said her Instagram account had been hacked, and so it wasn't her who made the introduction to the scammer.

As a result of the scam, Mrs T has been badly affected. She already had a chronic health condition which has been made worse. She has been unable to work due to an operation and the loss of the money has left her and her family in a vulnerable position. She was

hoping to use the money for holidays and now can't. She is embarrassed by what happened and has had to take time off work due to the stress it has caused.

Mrs T says Barclays should've protected her. The bank should have intervened and had it done so, the scam would've been uncovered and stopped.

Mrs T says Barclays attempted a chargeback to retrieve the payments and was given credits of £6,000, £6,000 and £2,400 at the beginning of October 2023. But on 17 October 2023, she was surprised and upset to learn that her account had been debited again and that created a large overdraft balance of over £14,000. Her chequebook was withdrawn and her debit card was blocked. She says she got no communication from Barclays about this and she was embarrassed and devastated.

Mrs T says Barclays should refund the money she's lost plus interest at 8% per annum and compensation of £300.

*What Barclays said:*

Barclays initially declined Mrs T's claim for a refund. But as part of their process, the bank looked at it again; said the payments were out of character and said they should have intervened. The bank refunded 50% of all the payments made by Mrs T. The bank deducted 50% as it said there wasn't any evidence Mrs T did any research; and she followed the instructions of the scammer. She could've called her friend to verify the introduction but didn't.

Barclays refunded £8,442 plus interest at 8% per annum. The bank also paid compensation of £50 – because they'd initially made the decision to decline Mrs T's claim before they changed their minds.

*Our investigation so far:*

Mrs T brought her complaint to us. Our investigator said Barclays didn't need to do anymore to settle the complaint. He said that if the complaint had been reviewed by our service, we would've recommended a refund from the fifth payment (for £6,000) - £15,500.

He said that we would also have made a deduction of 50% as Mrs T accepted her 'friend's' introduction and could have checked it with her but didn't; the promised returns were too good to be true; and she didn't carry out any meaningful research into the 'investment'. She hadn't received any documents about the investment either. So he said we would have awarded a refund of £7,750 plus interest of 8% per annum.

So – as Barclays had repaid more than we would recommend, he said the bank didn't need to do anymore.

Mrs T didn't agree and asked that an ombudsman look at her complaint.

She said the scam was very convincing and it wasn't fair that she stood to lose 50%. Barclays should have intervened and stopped it.

She also said that we should consider the embarrassment due to the cancellation of her debit card and chequebook after the chargeback claim had failed. She was left with an overdraft of £13,000. At no point was she told about what was to happen and this should be taken into account.

*I reached a provisional decision which said Barclays didn't need to refund any more money*

but should pay compensation for the way the chargeback claim was handle. It said:

I'm sorry to hear that Mrs T has lost money in a cruel scam. It's not in question that he authorised and consented to the payments in this case. So although Mrs T didn't intend for the money to go to a scammer, he is presumed to be liable for the loss in the first instance.

So, in broad terms, the starting position at 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.

But that is not the end of the story. Taking into account the law, regulators rules and guidance, relevant codes of practice and what I consider to have 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 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 banks 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 declined to make a payment altogether, to help protect customers from the possibility of financial harm from fraud.

I need to decide whether Barclays acted fairly and reasonably in its dealings with Mrs T when she made the payments, or whether it should have done more than it did. I have considered the position carefully.

The Lending Standards Board Contingent Reimbursement Model Code (CRM Code) provides for refunds in certain circumstances when a scam takes place. But – it doesn't apply in this case. That is because it applies to faster payments made to a UK beneficiary – and in this case, the payments were made by debit card, and to an account in Mrs T's name – her crypto wallet.

If the payments were of a sufficient size and were out of character with how Mrs T normally used her account – then we would expect Barclays to have intervened and spoken to her about them. I looked at Mrs T's account, and it's fair to say that the early payments (number one to four) in the scam were not unusual compared to the way in which she used her account – which was to make day to day expenditure of low value.

And there's a balance to be made; Barclays has certain duties to be alert to fraud and scams and to act in their customers' best interests, but they can't be involved in every transaction as this would cause unnecessary disruption to legitimate payments. Therefore, in this case, I think Barclays acted reasonably in processing the first four payments – I don't think that I could reasonably say that Barclays should have stopped those payments for further checks.

But by the fifth payment on 20 September 2023 – Mrs T had made a total of five payments in three days totalling more than £7,300. And related to crypto - known to carry a higher risk of scams. So, it's reasonable to have expected Barclays to have intervened at that point.

Barclays was the expert in such matters and if they'd intervened, held the payments and contacted Mrs T we would have expected them to ask open questions such as:

- Why are you making the payment?
- Who to?
- For what purpose?
- How did you hear about the investment?
- How were you contacted about it?
- What returns are you expecting?
- Where did the money come from that you're investing?
- Where is the money going to from your crypto wallet?
- What do you know about crypto investing?
- Have you made crypto investments before?
- How were you given the bank account details where the money was to be paid to?
- Have you given control on your devices to anyone else?

Barclays would then have found out that Mrs T had been contacted through a friend on social media; was promised a return of £20,000 on a payment of £1,000 in a crypto investment – these were all signs of a scam, which might then have been uncovered.

So I agree with our investigator – that as far as our service is concerned, we would say Barclays should refund £15,500 – being payments five to eight.

#### *Contributory Negligence:*

But that's not the end of the story here. Consistent with our service's approach, I also considered whether Mrs T could've done more to protect herself and whether she should therefore reasonably share some of her losses.

In thinking about this - we apply a test of what we would expect a reasonable person to do in the circumstances. We don't (for example) apply a test of what we would expect a finance professional to do. And I think she should be responsible for some of her losses. I say that as:

- She could have checked with her friend about the referral. Mrs T told us she was a close friend, who she'd known for years. Given the large amount of money she was paying, or about to pay, to the scammer, I think it's reasonable to have expected Mrs T to have checked first with her friend about the introduction. But she didn't – until later in the scam, when it was then uncovered.
- Mrs T gave no evidence she did any research into the 'investment'.
- The return of £20,000 on an investment of £1,000 was far too good to be true – this should have been a warning to Mrs T to pause and think again.
- She didn't get any documents or evidence of the credibility of the 'investment' or the scammer.

For these reasons, I think it is reasonable that Mrs T is responsible for 50% of her losses – so we would say she gets a refund of 50% of £15,500 - £7,750. We would also add interest at 8% per annum on this amount.

But Barclays have already refunded £8,442, plus interest at 8% per annum, which is more than we would say is reasonable – and so this decision says that Barclays don't have to refund any more money.

#### *Recovery:*

We expect firms to quickly attempt to recover funds from recipient banks when a scam takes place. I looked at whether Barclays took the necessary steps in contacting the bank that received the funds – in an effort to recover the lost money.

And here, the funds went from the bank account to a crypto currency merchant and the loss occurred when crypto was then forwarded to the scammers. In this case, as the funds had already been forwarded on in the form of cryptocurrency there wasn't likely to be anything to recover.

#### *Chargeback claim:*

I then went on to consider what happened with the chargeback process. I can see that Barclays tried to get the money back from the crypto merchant – and this failed.

Let me explain - the chargeback process is a voluntary one. Customers are not guaranteed to get money refunded, and there are strict scheme rules in place by the card schemes (e.g. Visa and Mastercard) which govern chargebacks. In general terms, the chargeback can provide a refund where a customer has bought goods or a service which isn't provided or is not what was advertised.

So – that isn't the case here. This was an authorised payment; the goods had been provided (i.e. the crypto currency) and the chargeback had no reasonable prospects of success. So – I am not surprised it failed, and the evidence I've seen shows it failed for these reasons.

The process for a chargeback is that Mrs T was given a 'temporary' credit for the disputed funds, and then (after the chargeback failed) – this amount was then re-debited from her account – on 17 October 2023. The result was an overdraft of £14,727.

But Mrs T has said she wasn't told about the process or that her account would be re-debited.

We asked Barclays about this and they showed us that Mrs T was sent a letter on 5 October 2023 – this said the chargeback for £350 had failed and her account would be re-debited. So – the communication in that respect was clear for that payment.

Barclays showed us a letter sent to Mrs T on 17 October 2023 – this said the disputed amount of £15,500 couldn't be refunded under the chargeback scheme. But – the letter didn't say Mrs T's account would then be re-debited, and when. I think it is reasonable to have expected the letter to have said that. So, the letter wasn't clear – this is especially important given the amount of money involved.

Mrs T's chequebook and debit card were then cancelled on 21 October 2023 – Barclays wrote to her about that on 20 October 2023.

There were also five calls between Mrs T and Barclays between 18 October 2023 and 23 October 2023. We asked Barclays for recordings of these calls so I could consider if they told Mrs T about the re-debiting of her account. But unfortunately, Barclays haven't sent these to us.

Therefore, in the absence of any contrary information, I must conclude that Mrs T wasn't told about the re-debiting of her account – and she was therefore surprised and upset when a very large overdraft was created and her chequebook and debit card were cancelled. This must have been distressing for her – and therefore this provisional decision asks Barclays to pay compensation of £150 for that.

Responses to the provisional decision:

Barclays agreed with it. Mrs T agreed with the compensation of £150, but says she believed Barclays should refund all the money she lost. She said (in summary):

- Barclays failed in its duty of care as the payments were clearly high-risk transactions as they were associated with crypto currency. And Barclays should've been aware of this.
- She didn't get any effective warnings.

**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 considered Mrs T's complaint again and in the light of her comments. But having done so, I think that the outcome of the provisional decision is a fair and reasonable one.

While I hear what Mrs T says, our role is to be fair to both parties – and I don't think that I could reasonably expect Barclays to reject all payments associated with crypto. Many customers' payments connected with crypto will be genuine and non-fraudulent - and banks can't be expected to reject or question all of them.

Therefore, my final decision is in line with the provisional decision.

**My final decision**

I uphold this complaint and Barclays Bank UK PLC must:

- Pay £150 for distress and inconvenience.

If Mrs T accepts this outcome, she should advise us of her new bank account details so the compensation can be paid.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs T to accept or reject my decision before 25 April 2025.

Martin Lord  
**Ombudsman**