

The complaint

Mr S complains that Barclays Bank UK PLC didn't do enough to protect him from the financial harm caused by an advance fee scam, or to help him recover the money once he'd reported the scam to it.

What happened

The detailed background to this complaint is well known to both parties. So, I'll only provide a brief overview of some of the key events here.

Mr S was contacted by someone who I'll refer to as "the scammer" who told him about an opportunity to earn between 5% and 25% commission by completing tasks for a company I'll refer to as "C". The role would require him to pay for tasks using cryptocurrency to simulate purchasing C's products. At the end of a 'set' of 20-30 tasks, he would have the opportunity to withdraw his commission, as well as the original deposits that were used to 'purchase' the products.

Mr S didn't find anything negative about C when he looked at the website and checked the reviews, but unfortunately, C turned out to be a clone of a genuine, well-known company. Mr S was given access to a professional looking portal where he could monitor and complete tasks. He was added to a group chat with others claiming to be doing the same role, and he spoke to one of C's representatives who seemed professional and knowledgeable. The scammer asked him to download AnyDesk remote access software and to first purchase cryptocurrency through a cryptocurrency exchange company before loading it onto an online wallet. He transferred funds into his Barclays account from Bank M, and between 14 June 2023 and 3 July 2023, he made 22 transfers to cryptocurrency merchants I'll refer to as "U" and "F" totalling £176,050.

He received some withdrawals early on, but he realised he'd been scammed when he was repeatedly asked to pay more fees. He complained to Barclays with the assistance of a representative who said it should have realised the payments were out of character and intervened to stop the scam. But Barclays refused to refund any of the money stating it questioned Mr S about several payments and he confirmed nobody had told him to open the cryptocurrency wallet, nobody had shared access to the wallets, and he'd successfully made some withdrawals.

Mr S wasn't satisfied and so he complained to this service with the assistance of his representative who said Mr S didn't think the commission was unreasonable, he was unfamiliar with cryptocurrency, and he wouldn't have gone ahead with the payments if he'd known about the risks.

The representative argued that large sums of money were moved in and out of the account on the same day, and large payments to high-risk cryptocurrency merchants were unusual for the account. They said Barclays should have questioned Mr S about the payments, and had it done so, it would have recognised that there were red flags present including the fact he'd found out about the job via social media, he was unable to withdraw his earnings until he'd completed a set number of tasks, and he hadn't received any formal employment

documents. It could then have warned him that he was falling victim to a scam and his loss would have been prevented.

Responding to the complaint, Barclays said Mr S should have complained to the cryptocurrency exchanges. It said it intervened multiple times and that Mr S was happy for the payments to go ahead. It also said it had sought recovery of the funds, but no funds remained.

Our investigator didn't think the complaint should be upheld. She explained the Contingent Reimbursement Model ("CRM") Code didn't apply to the payments because the transfers were made to purchase cryptocurrency from genuine cryptocurrency merchants, and the cryptocurrency was received.

She noted Mr S contacted Barclays on 6 June 2023 and confirmed he'd tried to make a payment to C. The call handler asked whether Mr S had done any research, and he said he had, he didn't want to pay anything upfront before he knew that the company had a license, and he was able to withdraw funds from the account.

When the call handler asked how he found out about the company, Mr S said *'I didn't find it out. Someone wrote to me. I don't know how it came across. Someone wrote to me on WhatsApp. I thought it was going to be a scam. I went and met the person face to face. You can't trust the person over the phone. So, I met her face-to-face and she is helping me out about it. She has been trading for eight months'*. He said the company was registered with the Financial Conduct Authority ("FCA") and that he'd been given invoices. He said he'd been scammed before, he'd learned his lesson, and he wasn't going to invest his own money.

In a further call on 15 June 2023, Mr S asked to transfer £10,000, confirming it was for cryptocurrency. He said he'd started trading two months before, he was getting returns, he'd opened the account himself, and he understood he could lose money. The call handler said he wouldn't be able to recover the money if it turned out to be a scam, and he was given the option to have more time to do research, which he declined.

Mr S called Barclays on 16 June 2023 regarding a payment for £5,500. He confirmed the payment was for cryptocurrency and was warned: *'fraudsters use sites that look like genuine organisations and post adverts on social media and search engines. Customers should search the FCA scam start tool and look for warnings'*. The call handler said he shouldn't continue if someone had control of his wallet, he should speak to a financial advisor, and if it sounded too good to be true, it probably was.

In a further call with the fraud team, Mr S confirmed he was transferring funds to his own cryptocurrency account, he'd had the wallet for five to six months, he was able to make withdrawals, and he hadn't shared his log in details with a third party. He also said he was dealing directly with the trading platform and wasn't getting advice from a third party.

On 19 June 2023, Mr S told Barclays he wanted to pay £10,000 to an account he'd previously paid and was warned about safe account scams. The following day, Barclays contacted him to discuss a payment for £2,000. On that occasion, he said he was trading in cryptocurrency and had been trading for six months, he was using a different platform because the previous one had requested verification, he hadn't been contacted by anyone asking him to move funds, he hadn't shared his log in details, and he hadn't downloaded any other apps.

On 26 June 2023, Mr S said he wanted to make a payment of £10,000, and confirmed he was trading in cryptocurrency. In a further call with the fraud department about the same

payment, he confirmed he'd opened the account himself, he wasn't called or advised by a third party, and he'd done research. And on 30 June 2023, he said he wanted to make a payment for £20,000, the payment was for cryptocurrency, he'd done his research, he'd used the merchant before, and he'd been able to make a withdrawal.

Our investigator concluded that Barclays could have asked more questions during the calls it had with Mr S, but he wasn't honest about the purpose of the payments and so it was unable to uncover the scam. She noted he said on 6 June 2023 that there was a third party involved, but that he'd met with them and was satisfied the investment was genuine. She also noted that he eventually made the payment from a different account, so it wouldn't have made any difference if he'd been asked more questions.

She didn't think there was any cause for concern on 14 June 2023, and even though Barclays could have done more when Mr S made Payment 4, because he was making multiple payments in one day, based on the outcome of the calls that did happen, she didn't think this would have made a difference.

Our investigator noted Mr S had explained that the scammer told him not to disclose the real reason for the payments and that he'd followed this advice. The messages he had with the scammer confirmed he'd been instructed to say he was trading normally and that he'd been warned by others that the investment might be a scam, yet he chose to go ahead with the payments.

She also considered there was no reason for Barclays to invoke Banking Protocol, and even if Mr S had been asked to attend the branch, she thought it was likely he'd have said he was investing in cryptocurrency independently, so she didn't think there was anything else it could have done to stop the scam.

Finally, she explained that Mr S had paid genuine cryptocurrency merchants, and the funds were moved onwards from there, so there was no possibility of a successful recovery. And he wasn't entitled to any compensation.

Mr S's representative has asked for the complaint to be reviewed by an Ombudsman arguing that Barclays failed to ask probing questions and provide relevant warnings.

They've argued that Mr S was honest during the first call he had with Barclays because he said it was his first time investing and he was sending money to C, which should have been an immediate red flag because C is notoriously impersonated in this type of scam. It should have questioned why he was sending cryptocurrency to C and whether it was registered with the FCA. They have also said there were plenty of other red flags present, and Barclays was expected to be on alert for job/task-based scams.

The representative has also argued that Barclays should have invoked Banking Protocol because Mr S made multiple payments to cryptocurrency merchants in quick succession, the payments increased in value and the activity was out of character. And if he'd been required to attend the branch, the scam would have been exposed.

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, I've reached the same conclusion as our investigator. And for largely the same reasons. I'm sorry to hear that Mr S has been the victim of a cruel scam. I know he

feels strongly about this complaint, and this will come as a disappointment to him, so I'll explain why.

I'm satisfied Mr S 'authorised' the payments for the purposes of the of the Payment Services Regulations 2017 ('the Regulations'), in force at the time. So, although he didn't intend the money to go to scammers, under the Regulations, and under the terms and conditions of his bank account, Mr S is presumed liable for the loss in the first instance.

There's no dispute that this was a scam, but although Mr S didn't intend his money to go to scammers, he did authorise the disputed payments. Barclays is expected to process payments and withdrawals that a customer authorises it to make, but 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 payment.

Prevention

I've thought about whether Barclays could have done more to prevent the scam from occurring altogether. Buying cryptocurrency is a legitimate activity and from the evidence I've seen, the payments were made to genuine cryptocurrency exchange companies. However, Barclays ought to fairly and reasonably be alert to fraud and scams and these payments were part of a wider scam, so I need to consider whether it ought to have intervened to warn Mr S when he tried to make the payments. If there are unusual or suspicious payments on an account, I'd expect Barclays to intervene with a view to protecting Mr S from financial harm due to fraud.

Because Barclays did intervene, I've considered whether the interventions occurred at the appropriate time and whether they were proportionate to the risk presented by the payments.

Between 6 June 2023 and 30 June 2023, there were several calls between Barclays and Mr S. The call on 6 June 2023 took place several days before the first scam payment was processed from Mr S's Barclays account. He told the call handler he was sending funds to a cryptocurrency wallet, he was using an app, and he'd been given some receipts. He also said there was a third party involved. Unfortunately, the call handler didn't seek to understand more about the circumstances of the payments and as Mr S seems to have mispronounced the name of the company he was dealing with - I'm satisfied, on balance that it was a mispronunciation - it was missed as a red flag. In addition, Mr S mentioned that he was trading, and that he'd met the third party, and he didn't mention that he intended to purchase tasks that he expected to earn commission for, which further prevented the call handler from detecting that Mr S was possibly the victim of an advance fee scam.

I agree with our investigator that the call handler ought to have asked some more probing questions during this call including whether he'd been asked to download remote access software, whether he'd been promised unrealistic returns, whether he'd been coached to lie, whether he'd done any due diligence and whether he'd been advised to make an onwards payment from the cryptocurrency exchange. But, based on the fact Mr S didn't deviate from the position that he was trading normally during any of the calls he had with Barclays, I'm satisfied, on balance, that he'd have maintained that this was a normal cryptocurrency investment, and the outcome would have been the same.

I've considered the value of the payments and the fact he was transferring funds to a known cryptocurrency merchant, and I think Barclays might reasonably have intervened again on 14 June 2023 because by the time Mr S made the fourth payment that day, the cumulative total of payments to the same beneficiary had risen to £9,950 in one day. However, based on what happened during the calls that did happen, I don't think this represented a missed opportunity to prevent the scam.

Across the calls that follows, Mr S said the company he was dealing with was registered with the FCA, he'd opened the cryptocurrency wallet himself, he'd been able to make withdrawals, he understood the risks, he hadn't shared his log in details with anyone, he hadn't taken out a loan, and he wasn't reading from a script. He also said there was no third-party involvement, and he was dealing with the platform direct. I agree with our investigator that Barclays could have asked more probing questions, but, overall, and for the same reasons I've already discussed, I don't think more detailed questioning would have resulted in Mr S disclosing more about the circumstances of the payments.

Significantly, there is evidence that Mr S was being coached to tell Barclays that he was investing independently, and his responses show he was following that advice. Further, I'm satisfied that Mr S went ahead with the payments having received relevant warnings, and if Barclays had given stronger, more tailored warnings, I don't think this would have resonated with him because even though he was leading Barclays to believe he was investing in cryptocurrency, he was actually moving funds to pay for tasks which he thought he was going to be paid for.

Finally, because of the answers Mr S gave which suggested he was engaged in a genuine cryptocurrency investment, I don't think Barclays needed to invoke Banking Protocol. And even if it had done, I'm satisfied he'd have given the same responses, and the payments would have been processed. So, I agree with our investigator that, even though Barclays could have intervened sooner or asked Mr S more questions, I don't think this would have made any difference and so I don't think this represented a missed opportunity to have stopped the scam.

Recovery

I don't think there was a realistic prospect of a successful recovery because Mr S paid accounts in his own name and moved the funds onwards from there.

The Contingent Reimbursement Model ("CRM") Code requires firms to reimburse customers who have been the victims of Authorised Push Payment ('APP') scams, like the one Mr S says he's fallen victim to, in all but a limited number of circumstances. But the Code didn't apply in this case because Mr S paid accounts in his own name.

Compensation

The main cause for the upset was the scammer who persuaded Mr S to part with his funds. I haven't found any errors or delays to Barclays' investigation, so I don't think he is entitled to any compensation.

Overall, I'm satisfied Barclays took the correct steps prior to the funds being released – as well as the steps it took after being notified of the potential fraud. I'm sorry to hear Mr S has lost money and the effect this has had on him. But for the reasons I've explained, I don't think Barclays is to blame for this and so I can't fairly tell it to do anything further to resolve this complaint.

My final decision

For the reasons I've outlined above, 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 S to accept or reject my decision before 5 June 2025.

Carolyn Bonnell
Ombudsman