

The complaint

Ms R complains that Barclays Bank UK PLC won't refund money she lost when she was a victim of an investment scam.

Ms R is represented by a firm I'll refer to as 'M'.

What happened

The background to this complaint is well known to both parties and so I'll only refer to some key events here.

Ms R fell victim to an investment scam – with a firm I'll refer to as 'V' – having been introduced to it by a friend (that I'll refer to as 'K'). Ms R has explained she trusted K's judgement as she was a top UK lawyer and was reassured by K earning profit every week from the opportunity.

In Ms R's complaint to Barclays, which M raised on her behalf in August 2024, she explained she invested about £30,000 in V between September 2021 and October 2023 – with the payments made to three legitimate crypto providers, and from there the funds were forwarded on to the scam. Ms R said she started to have concerns about V when the payments due back stopped and no further correspondence from V was received. At which point, she tried to withdraw her funds but was unable to access her account. This made her realise she'd been part of a Ponzi Scheme.

Barclays didn't uphold the complaint. Their first response to the complaint explained that they could only evidence payments from Ms R's account to one crypto provider (that I'll refer to as 'S'), and not the other two. Barclays said the payments to these other crypto providers might have taken place from other accounts. Because of this, they were unable to complete a full review. And so, they requested a full list of payments being disputed.

Barclays' second response explained the payments to S weren't covered by the Contingent Reimbursement Model (CRM) code. And that it seems other payments being disputed didn't go to a crypto provider, but another account Ms R held – so, it was possible they were made from there. Barclays also added that they couldn't raise chargeback claims for the debit payments being disputed due to the time that had passed. And that they did discuss the legitimacy of the payments being made to S at the time, which led to Ms R's dissatisfaction with their fraud detection system – that prompted her to switch her account to another banking provider. Because of this, they weren't persuaded any more intervention would've been effective.

Ms R's complaint was referred to the Financial Ombudsman. Our Investigator sought clarification from M on the payments Ms R was disputing from her Barclays' accounts. M confirmed it was nearly 20 payments to S between August 2022 and March 2023 totalling about £12,500. And two payments to K, £20 and £2,050, made in August 2022 and January 2023 respectively.

Our Investigator explained that she couldn't consider the payments to K, as Ms R hadn't

complained about them to Barclays. And under the rules that we operate, Barclays are required the opportunity to respond before our service can consider a complaint. And so, Ms R would need to raise a complaint to Barclays about those payments separately.

Our Investigator didn't however, in respect of the payments to S, think Barclays had to do anything further. In short, she said:

- Although she wouldn't reasonably have expected it, Barclays did intervene before processing the first payment Ms R made to S. This included providing a written scam warning, but also a telephone conversation.
- Having listened to this conversation, it seemingly didn't reflect Barclays' internal notes – as some questions recorded weren't asked. But even though Barclays' intervention should've been more effective, she wasn't persuaded this would've prevented Ms R's loss. This is because:
 - Ms R has explained that she trusted K, and because of this she didn't do any independent checks. And it seems that K was guiding Ms R to invest, including what to say if questioned by her banks.
 - This is evident by Ms R telling Barclays she had done her own research, and that there wasn't anyone else involved with the investment.
 - Even when Barclays flagged and blocked subsequent payments, Ms R didn't take this as a warning but instead felt hindered by the process – thereby prompting her to switch banking providers.
 - K advised Ms R to send money to an Electronic Money Institution (EMI) *“to avoid the centralised bank”*. Being told to circumvent a bank's fraud detection system is highly unusual and suspicious, and so it should've been a red flag to Ms R. Despite this, Ms R appears to have followed K's instructions without question – thereby reinforcing the argument that Ms R likely wouldn't have been receptive to further intervention.
 - It's difficult to see how any further intervention, or questioning, from Barclays would've uncovered the scam.
- There wasn't any prospect of recovery here given the amount of time that had passed. And Barclays would've only been able to attempt recovery from S, but these funds had already been forwarded on to V.

M disagreed. In short, they said:

- Barclays' intervention fell short of their own standards, and the discrepancy between internal records and the actual questioning is material. It shows the conversation lacked the depth necessary to truly assess if Ms R was under scam influence. And Barclays shouldn't have proceeded with subsequent payments based on this earlier inadequate conversation.
- Barclays had an opportunity to dig deeper, especially when there were risk indicators that included:
 - 'something else' being chosen as the payment purpose.
 - Ms R being contacted by K with no documented history of financial interaction.

- Ms R being coached to conceal the true purpose of the payments.
- They don't think the Financial Ombudsman should bypass Barclays' procedural failures as being irrelevant. If Ms R was being misled by her trust in K, it's even more important for the bank's protections to be detailed and rigorously applied.
- Although Ms R trusted K, it is wrong to assume she wouldn't have cooperated if questioned more by Barclays. And the suggestion Ms R changed banks is evidence of intent to proceed regardless is misleading – instead, it likely reflects distress at being blocked and not a determination to subvert security.

Our Investigator considered what M said, but her position remained the same. She accepted Barclay's intervention was insufficient, but she remained of the view that the scam wouldn't have been uncovered through better questioning. This is because Ms R was unwilling to provide inaccurate information and details about the investment to allow Barclays to have understood a scam was taking place, and she ignored red flags and warnings.

The matter has been passed to me to decide.

Before I explain the reasons for the decision I've reached, I want to clarify that I'm only considering the payments to S that Ms R has disputed as part of this complaint. As our Investigator explained, Barclays hasn't had the opportunity to respond to any concerns regarding the payments Ms R made to K. Ms R can raise a separate complaint about those transactions and, should she remain unhappy with Barclays' response, refer it to the Financial Ombudsman to be considered.

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'm sorry Ms R has been the victim of a scam. I don't underestimate the impact it has had on her. I therefore understand why she'd do everything she can to try and recover the loss she's suffered. But I need to decide whether Barclays can fairly and reasonably be held responsible for Ms R's loss. And I don't think they can, I'll explain why.

Before I do, I want to reassure Ms R that I've considered everything that M, on her behalf, has submitted in support of her complaint. And so, while I've summarised this complaint in far less detail than what has been provided, I want to stress that no discourtesy is intended by this. If there is a submission I've not addressed; it isn't because I have ignored the point. It's simply because my findings focus on what I consider to be the central issue in this complaint – that being whether Barclays is responsible for the loss Ms R has suffered.

In broad terms, the starting position in law is that a bank is expected to process payments that their customer authorises them to make. It isn't disputed that Ms R knowingly made the payments from her account and so, I'm satisfied she authorised them. Therefore, under the Payment Services Regulations 2017 and the terms of her account, Barclays are expected to process Ms R's payments, and she is presumed liable for the loss in the first instance.

However, taking into account the regulatory rules and guidance, relevant codes of practice and good industry practice, there are circumstances where it might be appropriate for Barclays to take additional steps or make additional checks before processing a payment to help protect customers from the possibility of financial harm from fraud.

The question then arises whether Barclays ought reasonably to have held such suspicions or concerns in relation to Ms R's payments - and if so, what might've been expected from a proportionate intervention at that time. Further to that, where there is an interaction between a customer and a bank before a payment is processed, as there was here, I'd expect the bank to take reasonable steps to understand the circumstances of that payment.

So, taking all of this into account, I need to decide if Barclays acted fairly and reasonably in their dealings with Ms R when she made the payments. Specifically, whether they should've done more than they did before processing them – and if they had, would that have made a difference. I also need to decide if Barclays could've reasonably recovered the lost funds.

But for me to find it fair and reasonable that Barclays should refund Ms R, it requires more than a finding that Barclays ought to have intervened. I would need to find not only that Barclays failed to intervene where they ought reasonably to have done so or in the way they ought to have done - but crucially I'd need to find that but for this failure the subsequent loss would've been avoided.

That latter element concerns causation. A proportionate intervention will not always result in the prevention of a payment. And if I find it more likely than not that such a proportionate intervention by Barclays wouldn't have revealed the payments were part of a fraud or scam, then I couldn't fairly hold them liable for not having prevented them from being made.

Here, Barclays did carry out additional checks before processing the first two transactions – which were £2,000 each and made on the same day. I understand Ms R split the transfer of funds across more than one transaction due to a £2,000 limit applicable to new beneficiaries. Barclay's intervention on the second transaction was very basic. I understand this was due to the checks Barclays undertook on the prior call seemingly satisfying them Ms R wasn't at risk of fraud. While Barclays shouldn't necessarily assume the legitimacy of transactions based on prior interventions, I don't think that was entirely unreasonable considering Ms R had already confirmed her intention to send the second payment when discussing the first £2,000 payment. And so, I've therefore focussed on whether Barclay's intervention in respect of the first payment was proportionate to the risk both payments presented.

Having carefully listened to the call, although I think Barclays ought reasonably to have questioned Ms R further, I think they did highlight the prevalence of crypto scams at the time and asked some relevant questions to establish whether Ms R was at risk of falling victim to a scam. This included obtaining confirmation from Ms R that she'd carried out her own research, she didn't need any more time to carry out any more and that there wasn't a broker involved. This would've likely reassured Barclays that Ms R was investing with a well-known legitimate crypto provider independently, and that she'd carried out some due diligence before going ahead. I also consider Ms R spoke calmly and clearly during the call. Because of this, I don't think Barclays had enough reason to suspect any vulnerability or identify any clear signs of coaching.

As I've said though, I think it would've been reasonable for Barclays to have probed Ms R further – possibly, for example, asking about how she had come across this opportunity and what she was investing in. But even if they had, I'm not persuaded this would've led to Barclays uncovering the scam or that it would've deterred Ms R from making the payments. This is because:

- Ms R placed a significant amount of trust in K, whom she's said was a friend, and followed her advice – which included *“if I spoke to my bank to say I wanted to send this money to another one of my accounts, she said to keep the chat minimal and not to get into conversation with them”*.

Because of this, it's likely Ms R might not have been forthcoming with Barclays about the true surrounding circumstances of the payments. This is supported by the fact that Ms R told Barclays she'd carried out research when she hadn't, and that there wasn't a third party (broker) involved. And so, given she gave inaccurate information to Barclays, it's likely she would've continued to have done so under the instruction of K.

- Even if Barclays had become aware Ms R was investing in V, there weren't any regulatory warnings published about the firm at the time of the £2,000 payments. Nor, from what I'm aware, was there any publicly available information suggesting V was a scam at that time. So, even if Barclays had advised Ms R to carry out further research before making the payment(s), it's unlikely she would've uncovered anything of concern. And Ms R would've likely been reassured of V's legitimacy by K.
- Even if Ms R had disclosed that she'd been recommended the investment from K, she would've likely reassured Barclays that K was a friend that had been successfully receiving returns from V.
- If Barclays had provided warnings tailored to crypto investment scams, including highlighting some of their common features, I'm not persuaded it would've resonated with Ms R. This is because Ms R hadn't come across the opportunity from an advert or celebrity endorsement, remote access software wasn't used and she'd already informed Barclays there wasn't a third party involved. It was also a long-term investment, and so there wasn't a small initial deposit that quickly increased in value.

Because of this, her situation didn't have many of the common features of crypto scams (and the one that did, Ms R didn't disclose to Barclays). Consequently, it likely wouldn't have given Ms R enough reason to have concerns about the potential illegitimacy of V.

It follows that, while I consider Barclays ought to have done more before processing the two £2,000 transactions, I don't think they could've reasonably uncovered the payments were being made as part of a fraud or scam. Nor do I think any further warnings related to crypto investment scams would've deterred Ms R from making the payments. I therefore can't fairly hold Barclays responsible for not having prevented them from being made.

I've thought about whether Barclays should've carried out additional checks before processing any of the subsequent payments. But I don't think it was warranted here. This is because the subsequent payments to S were, individually, lower in value. They were also spread across a longer period of time – and so weren't made in rapid succession which can be an indicator of potential fraud. And S itself would've become normalised as part of Ms R's account activity, thereby meaning it wouldn't have been seen as unusual or 'out of character'.

In terms of trying to recover the lost funds, unfortunately, there wasn't any reasonable prospect of this. This is because Ms R had already forwarded the funds from the crypto provider to V. So, there wouldn't have been any funds remaining. And even if there had been, they would've been accessible to Ms R.

I have a great deal of sympathy for Ms R and the loss she's suffered. But it would only be fair for me to direct Barclays to refund her losses if I thought they were responsible – and I'm not persuaded that this was the case. And so, I'm not going to tell Barclays to do anything further.

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 Ms R to accept or reject my decision before 20 November 2025.

Daniel O'Dell
Ombudsman