DRN-5772911

Financial Ombudsman Service
for small businesses

The complaint

M, a limited company, complains that Barclays Bank UK PLC have declined to refund them in full for transactions they say they didn't agree to. They'd like their full losses refunded.

What happened

The background to this complaint is well known to both parties, and largely not in dispute. As such, I will cover it only briefly here.

In July 2023 an employee of M was contacted by someone claiming to work for Barclays' fraud department. During the call they were persuaded to allow remote access to their computer and access online banking, to help secure the company's funds. They received a text message seemingly from Barclays to confirm they were speaking to someone. At points the employee at M was asked to enter their Smart Card and PIN into their card reader. They were told that their accounts were now secure and the call ended.

But it was discovered that the caller had used the remote access to set up three payments – one payment of £8,500, and two of £24,589. M reported to Barclays to say that they hadn't agreed to these payments and asked for them to be refunded. Barclays were able to recover £8,481.96. Barclays declined to reimburse the remaining losses, saying that as the employee had confirmed the payments using the card reader and PIN, they felt the payments were authorised.

Dissatisfied with this M referred their complaint to our service. Barclays reconsidered and offered to refund 50% of the last payment made - £12,294.50 – plus 8% simple interest from the date of payment to the date of settlement. They said they could have reasonably prevented this transaction but also thought that M didn't do enough to mitigate their own risk.

Our investigator looked into what happened, and his most recent assessment was that this offer was fair. He reasoned that it was reasonable for Barclays to treat the payments as authorised, and during the process the employee at M would have seen that the card reader would have displayed a message asking them to confirm a payment request. He felt they could reasonably have understood that this would lead to a payment being made, so that a reduction for contributory negligence was fair.

M disagreed, as they felt more transactions could reasonably have been prevented by Barclays. As such the complaint has been passed to me to decide.

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.

Firstly, I'm sorry that M has had to bring a complaint to our service in these circumstances. I've no doubt this has been a very difficult experience for the company and the employees involved, and they are clearly the victims of a sophisticated scam. But having reviewed everything, I'm satisfied that the offer Barclays has made is fair. I'll explain why.

Were the payments from M's account authorised?

The relevant regulations here are the Payment Service Regulations 2017 (PSRs) – these set out what is needed for a payment to be authorised and who has liability for when something goes wrong. With a few exceptions, payers are generally responsible for authorised payments, and the bank responsible for refunding unauthorised payments.

There doesn't seem to be any dispute that the fraudster tricked the employee of M into allowing remote access to their online accounts. And it seems more likely than not the card reader and PIN were used to authorise the payments out of the account.

So, under the PSRs for a payment to be authorised it needs to be consented to by an authorised individual, or someone acting on their behalf. This consent needs to be "*given in the form, and in accordance with the procedure*". In practical terms, this means that it is outlined in the terms of the account.

The most applicable term at the time was:

> *to make a payment or withdrawal from your account, you need to give us authorisation. You can do this in several ways...*
>
> > *Log onto Online Banking, the Barclays app or any other applicate Electronic Banking Service we provide using your security details. Follow the instructions to complete the payment.*

This is quite a broad term – but here it seems likely that the fraudster set up the payments, using the access given to them by M.

But I've also considered whether the payments could be considered authorised on the basis that the employee confirmed the payment instructions each time using the card reader. There is some dispute around what information the device showed each time. Barclays have said it would have asked the employee to submit the payment transaction. But the employee at M believed they were only agreeing to logins.

I think it's more likely that not the device would have presented a screen asking them to submit a payment request, along with a date and time. This is what's displayed when a payment transaction is being submitted, which was what was happening. And I've seen nothing to suggest the fraudster could have remotely manipulated what the card reader was displaying. The employee would then need to physically press "OK" on the device to confirm the submission on the payment transaction.

I'm persuaded that it's reasonable for Barclays to rely on this confirmation as consent by M to process the payment instructions. Essentially, I'm satisfied the payments were likely authorised and I don't see that under the PSRs there is an obligation on Barclays to refund M.

However, I've gone on to consider what's fair and reasonable in al the circumstances of the complaint.

Should Barclays have done more to prevent the transactions?

In general, the starting position in law is that Barclays would be expected to process payments and withdrawals that their customer authorises them to make, in accordance with the PSRs and the terms of the account. But there are also legal and regulatory expectations that the bank will monitor accounts and payment activity to look for signs their customers may be falling victim to financial harm – such as fraud.

There is a balance to be struck between investigating significant numbers of transactions in details and allowing a customer to transact freely. But my expectation is that if a payment looks particularly unusual or high-risk, then the bank may choose to intervene and ask the customer further questions about the payment. The hope here is that this prevents any losses from going out.

I've also considered the principle of contributory negligence – as in whether it would be reasonable to conclude that M's actions were negligent enough that they contributed to the loss and whether it would be appropriate to make a deduction to any amount awarded.

Barclays have already accepted they could reasonably have taken steps to prevent the last payment. I've considered whether they should have intervened earlier – but overall, I'm not persuaded that the first or second payments were significantly out of character for M's account. The account itself has a high volume of activity and is had made payments of considerably higher value than the £8,500 and £24,589 paid.

Considering the size of M's business, I'm not persuaded that these first two payments would stand out as unusual enough that I would reasonably expect Barclays to decline to process them. I don't see it's unreasonable that they processed them.

I'm satisfied that a deduction for contributory negligence would be fair. It's clearly a relatively sophisticated scam, and I can see that it would have been persuasive. Particularly with the text message seemingly confirming they were genuinely speaking to Barclays. But as mentioned above, I think it's likely that the card reader would have made it clear that a payment transaction was being submitted. This reasonably may have given the employee at M pause before proceeding – particularly by the third transaction.

So, on that basis the offer to refund 50% of the final transaction I consider to be reasonable.

Did Barclays do enough to recover M's funds?

Barclays were able to recover £8,481.96 in total from various receiving banks.

From the evidence I've seen I'm satisfied that Barclays contacted the receiving banks in a reasonable timeframe after they were notified with the fraud. I've seen nothing to suggest that there were any unreasonable delays caused by Barclays. Unfortunately, it seems unlikely there will be any further funds returned. But the evidence suggests Barclays made reasonable efforts to recover M's funds.

Summary

I appreciate why M would like Barclays to reimburse them the remaining sums. But overall I'm satisfied that the offer Barclays have made is reasonable, so I wouldn't look for them to increase it. I understand Barclays have already paid this, so if the settlement has been completed I do not see that they need to do anything further.

Putting things right

To resolve this complaint Barclays must ensure that they've refunded M £12,294.50, along with 8% simple interest per annum from the date of payment to the date of settlement.

My final decision

My final decision is that Barclays Bank UK PLC must settle this complaint as outlined above.

Under the rules of the Financial Ombudsman Service, I’m required to ask M to accept or reject my decision before 25 September 2025.

Thom Bennett
Ombudsman