

The complaint

Mr S complains that Barclays Bank UK PLC won't refund money he lost when he was a victim of a crypto investment scam.

Mr S is represented by a firm I'll refer to as 'R'.

What happened

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

Mr S fell victim to a crypto investment scam having been added to a WhatsApp group – whereby he was told he would receive daily trading signals from AI software. As part of the scam Mr S purchased crypto from a legitimate provider – which I'll refer to as 'K' - before forwarding it on to the scam firm's trading platform (which I'll refer to as 'H').

The relevant transactions Mr S made from his Barclays' account to K are:

Date	Amount
6 September 2024	£1,000
10 October 2024	£5,000
21 October 2024	£5,000
Total	£11,000

Mr S has said that he realised he'd been scammed when he was unable to withdraw his funds from H, and all contact ceased.

R complained, on Mr S's behalf, to Barclays in January 2025 about the £11,000 transferred to K. They said the account activity was out of character for Mr S, and Barclays should've intervened strongly with a view to exposing the scam. And had Barclays intervened in line with industry standards, the scam would've been exposed – as they would've identified the hallmarks of a crypto trading scam which included:

- Mr S being added to a WhatsApp group
- The scammers using remote access software to assist Mr S in setting up a crypto wallet.
- The funds being sent to an unregulated third party through a crypto provider, which matches exactly what Action Fraud warned about in 2018.
- The broker was giving financial advice for which they weren't regulated.

R said Mr S had a reasonable basis to believe the investment opportunity was real due to the checks he carried out before proceeding, and because he was given access to a sophisticated and professional looking portal. R also confirmed Mr S had no prior investment experience, and they highlighted how his ill-health made him vulnerable to the scam. To put things right, R wanted Barclays to refund Mr S's loss and pay 8% interest.

Barclays didn't refund Mr S, as they said he paid his own account before making the payments to the scam. And so, Barclays considered the loss occurred outside of their control.

Mr S's complaint was referred to the Financial Ombudsman. Our Investigator didn't think Barclays had to do anything further. He said Barclays did intervene before processing two of the payments to K, but Mr S provided inaccurate information which prevented them from uncovering the scam. Our Investigator also considered Barclays provided Mr S with clear scam warnings specifically relevant to crypto investments. And so, he didn't think Barclays could reasonably have prevented Mr S's loss. Nor did he consider they could've recovered his funds.

R disagreed. In short, they said:

- The bank's warning(s) was generic, insufficient and ineffective – as it failed to describe what type of 'help' these third parties typically offer, or what specific methods are used. And at one point, Barclays confirmed K was a legitimate crypto provider – which conflated the legitimate platform with the fraudulent activity that may have surrounded it.
- A reasonably detailed and context-aware warning, including examples of the exact types of scams and the methods employed by fraudsters as well as an explanation of the importance of the FCA register, would have given Mr S actionable insight to stop the scam before suffering losses.
- Mr S wasn't coached to any meaningful degree – and so the 'cover story' was extremely weak. And given his lack of experience, he would've been unable to articulate a clear investment strategy, reasoning, source of advice or explain what research had been done. And a claim of 'long term investing' is a common and superficial narrative used in scams that lacks specifics about investment goals, and it doesn't demonstrate independent financial decision making.
- A customer stating they are investing in a legitimate blockchain for the long-term benefit of their family without any clear plan, due diligence or understanding should've raised immediate red flags. And here, the payments were large and sudden which are hallmarks of scam activity.
- Standard banking protocols in such cases would include halting the account for further review, requesting the customer to attend a branch for in-person discussions, and asking targeted and specific questions about the source of the investment advice, the platform being used, and the rationale for the transactions.
- Mr S's ill-health placed him in a position of reduced resilience, and this should've been recognised as an FCA-recognised vulnerability. And the Investigator's assessment doesn't reflect an understanding of how this health condition would've cognitively and emotionally impacted Mr S's decision making.
- A proper probing intervention – with specific open-ended questions used - would've uncovered the scam.

Our Investigator considered what R said, but his position remained the same. He emphasised that Barclays depend on their customers being open and honest to allow them to tailor their warnings based on the information provided. But Mr S denied Barclays of the opportunity to reveal the hallmarks of a scam. And he considered Barclays' interventions were appropriate and proportionate for these payments. Furthermore, while sympathetic to Mr S's ill-health, Barclays weren't aware of his vulnerability at the time of the payments. So, it wouldn't be fair to retrospectively have expected them to do more.

The matter has been passed to me to decide.

Please note that I understand Barclays, and our Investigator, also considered a £5,000 payment Mr S made from his account on 9 October 2024 (which wasn't listed as part of Mr S's complaint to Barclays). This payment doesn't however appear to have been sent to K. Instead, from what I've seen, I understand it went to a genuine investment platform. And I haven't seen that those funds were subsequently sent to H. Because of this, I'm not satisfied that it has been lost to the scam. But even if was, for the reasons I'll go on to explain, it doesn't make a difference to the outcome I've reached on Mr S's complaint.

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 Mr S has been the victim of a scam. I don't underestimate the impact it's had on him at what is already a very difficult time due to his ill-health. I therefore understand why he'd do everything he can to try and recover the loss he's suffered – which includes seeking the support of R in raising this complaint. But I need to decide whether Barclays can fairly and reasonably be held responsible for Mr S's loss. And while I know this isn't the outcome Mr S is hoping for, for similar reasons as our Investigator, I don't think they can. I'll explain why.

Before I do, I want to reassure Mr S that I've considered everything that R has submitted in support of his complaint. And so, while I've summarised this complaint in far less detail than what has been provided, I want to stress that no courtesy 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 Mr S 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 Mr S knowingly made the payments from his account and so, I'm satisfied he authorised them. Therefore, under the Payment Services Regulations 2017 and the terms of his account, Barclays are expected to process Mr S's payments, and he 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 Mr S'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 high value 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 Mr S when he 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 Mr S, 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 payments to K as they spoke to Mr S on both occasions. The conversations have been set out by our Investigator in detail, and so I won't repeat it all here. Instead, I'll focus on the aspects that I consider relevant. And having carefully listened to the calls, I consider Barclays' interventions were proportionate to the risk presented by the payments at that time. This is because:

- Barclays highlighted the prevalence and risks of investment scams involving crypto to Mr S. And because of this, they explained that they wanted to run through some security questions to make sure everything was ok. So, Mr S ought to have understood the importance of the calls – and that there was a *potential* risk he could be making the payments as part of a scam.
- I consider Barclays questioned Mr S appropriately about the purpose of the payments – using both open and closed questions. This included, having established that the payments were being made to purchase crypto for investment purposes, asking Mr S on several occasions as to whether there was a third party involved. Mr S denied any third-party involvement, or that he was receiving financial advice from anyone.
- Mr S also confirmed that he'd been investing in crypto for about two years, had used several crypto providers but was using K as he found them "*very good*" and "*efficient*" - including finding it very easy to withdraw funds. He also explained that this was a long-term investment, he'd bought crypto before, and he was doing so to diversify his investments. The investment was also for his grandchildren's future.
- Mr S said he wasn't day trading as it's too volatile, and so it wasn't "*a get rich quick*" investment. He also confirmed that he was investing in Ethereum.
- Barclays warned that scammers are often getting victims to download software that gives them access to a laptop or phone. And so, they asked if anyone else was involved in the download of K's app or if he'd shared any account (log in) details. Mr S confirmed that he hadn't had any assistance in opening the crypto wallet with K, and he got K's app from the app store (and not from anyone else). Mr S said he found K through his own research and from recommendations on sites such as Trustpilot and Forbes.
- Barclays explained that scammers were providing scripts to their victims and coaching them on what to say to get around security checks. And despite Mr S being asked if he'd spoken to anybody that might have told him what to say if Barclays called him, he said he had not.

I understand Mr S was being guided by the scammers on what to say if questioned by a bank – for example, they directed him to say he was "*purchasing ETH on an exchange for investment purposes, hoping it will appreciate over time, and that you intend to use it for your children's education and future needs*". I appreciate Mr S believed the investment was legitimate and was sadly being manipulated by the scammers. I accept Mr S is the innocent victim of a scam here. But while Mr S might not have been aware of the tactics used by scammers or understood the consequences of his actions at the time, by providing inaccurate information to Barclays, it prevented them from establishing the true risks associated with the payments he was making.

At which point, I should explain that Barclays isn't required to protect customers from bad investment decisions. And so, it wasn't for Barclays to consider the suitability of the investment or if it was in Mr S's best interests. Instead, Barclays should be on the lookout for potential investment scams and be mindful that their customers could be at risk of falling victim to them. And here, I think Barclays did explain to Mr S some of the common tactics used by scammers relating to crypto investments scams – such as being contacted by a third-party offering investment help, remote desktop software being used and being told to provide inaccurate information to banks about the purpose of the payments. Unfortunately, despite these tactics being relevant to Mr S's situation, they didn't resonate with him, and he continued with the payments.

I also don't think it was unreasonable for Barclays to confirm K was a legitimate crypto provider – as K is used for legitimate purposes by most of their customers. And although Barclays should be aware of the fraud risks associated with crypto providers like K, I'm satisfied they tried to establish whether such risks were applicable to Mr S's payments. But I don't think Barclays could reasonably establish that based on what he told them. This is because Mr S denied the involvement of a third party and that he was receiving financial advice, he didn't disclose the use of remote access software, he misled Barclays about his crypto experience, and he also provided inaccurate information about the investment purpose and how he'd come across K (as he was recommended K by the scammers, not through his own research).

And during the calls, Mr S spoke confidently about the investment opportunity, confirming his understanding of what he was investing in and that he was aware of the volatile nature of crypto. Considering all this, and given Barclays wasn't required to assess the suitability of Mr S's decision to invest in crypto, I don't think they had enough reason to suspect that he was making the payments for anything other than legitimate purposes. Nor do I think Barclays had enough reason to believe Mr S was deliberating withholding or providing misleading information. Ultimately, I consider Mr S provided convincing and reassuring responses to Barclays' questioning – thereby preventing them from uncovering the scam.

I'm also not persuaded that any further questioning would've led to Barclays uncovering the scam or preventing Mr S's loss. I consider Mr S would've likely maintained that he was investing in crypto independently, that he had prior experience and he was investing for the long term. Although I appreciate R's view that scammers might direct their victims to give 'long term investing' as a response to questioning from a bank, it is equally a plausible explanation for legitimate investors. And I don't think this alone would've put Barclays on notice that Mr S was likely falling victim to a scam. It's also worth noting that not every person investing in crypto fully understands the complexities of it. And inexperienced individuals with limited crypto knowledge might nevertheless choose to invest. Because of this, I don't consider that a lack of crypto expertise or knowledge necessarily indicates that an individual is falling victim to a scam. In any event, here, Mr S assured Barclays he was experienced and, as I've said, he spoke confidently about his investment decision, that he understood the risks associated with crypto and that it was only a small amount of his funds being invested.

I'm aware that R has referenced how Mr S's ill-health placed him in a position of reduced resilience and so he was more vulnerable to being scammed. While I don't doubt this might have been a contributing factor to what happened, Barclays weren't aware of Mr S's condition at the time of the payments. Nor do I consider Barclays could reasonably have identified Mr S was potentially at an increased risk during their interactions with him. So, while I'm not dismissing the effects Mr S's ill-health had on him, I don't think Barclays acted wrongly or missed an opportunity to identify a vulnerability here.

It follows that I don't think Barclay can fairly and reasonably be held responsible for Mr S's loss.

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

I have a great deal of sympathy for Mr S and the loss he's suffered. But it would only be fair for me to direct Barclays to refund his 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 Mr S to accept or reject my decision before 24 December 2025.

Daniel O'Dell
Ombudsman