

## **The complaint**

Miss M complains that Barclays Bank UK PLC (Barclays) won't refund money that she lost to a scam.

## **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.

In October 2024, Miss M saw an investment opportunity promoted by social media influencers. She contacted the company behind it, which claimed she could earn high returns through cryptocurrency investments they would manage for her. Trusting them, Miss M gave the scammers her bank card and PIN, believing they needed access to invest on her behalf. She also transferred money from another account she held with a different bank. Unknowingly, this involved laundering funds that scammers had deposited into that other account, as she withdrew them through her Barclays account.

The scammers then convinced Miss M to take out a £20,500 loan. They coached her on what to say to the bank and quickly withdrew the funds once the loan was approved. Over time, their tone became increasingly threatening, prompting Miss M to seek help. She contacted both the bank and the police and later complained to Barclays, arguing that the loan should never have been approved and that the bank could have done more to prevent her losses.

Barclays rejected her complaint, so Miss M referred the matter to us. Our investigator concluded that Barclays couldn't have done more to protect her but noted that £13,388.99 of the loan had been recovered and not yet returned to Miss M. The investigator suggested the funds should be offset against the balance of the loan. She was also persuaded that the loan shouldn't have been approved as it wasn't affordable for Miss M. She therefore suggested that Barclays should remove all interest, fees or charges that had been applied to the loan and that they should agree an affordable repayment plan with Miss M for the balance. Barclays accepted most of this but proposed a three-year interest-free loan instead of an affordable repayment plan. Miss M didn't confirm whether she agreed, so the case has now been referred to me, as an ombudsman, for a final decision.

## **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 was very sorry to hear that Miss M had lost money in the way that she did. I appreciate how distressing and frustrating it must have been for her. I agree with our investigator's opinion and for broadly the same reasons

The Financial Ombudsman is designed to be a quick and informal alternative to the courts. Given that, my role as an ombudsman is not to address every single point that has been made. Instead, it is to decide what is fair and reasonable given the circumstances of this complaint. And for that reason, I am only going to refer to what I think are the most salient points. But I have read all of the submissions from both sides in full, and I keep in mind all of the points that have been made when I set out my decision.

Where the evidence is incomplete, inconclusive, or contradictory (as it is here), I have to make my decision on the balance of probabilities – that is, what I consider is more likely than not to have happened in the light of the available evidence and the wider surrounding circumstances.

I'm required to take into account the relevant laws and regulations; regulators rules, guidance, and standards; codes of practice and, when appropriate, what I consider to have been good industry practice at the relevant time.

Broadly speaking, Miss M is responsible for any payments made from her account which are properly authorised, as they were here albeit by way of her giving her card and PIN to scammers. And Barclays has a duty to process valid payment instructions quickly and with minimal friction. These positions are set out in the Payment Service Regulations (2017).

However, taking into account the relevant law, regulations, industry guidance, and best practice, firms like Barclays ought fairly and reasonably to have systems in place to monitor transactions and accounts for signs that its customer might be at risk of financial harm through fraud. Where such risks are detected, there ought to be action from the bank to intervene through the giving of warnings and scam education. Any intervention should be proportionate to the risk presented by the circumstances of the payment.

Where there is a failure by a firm to properly intervene and protect a customer, it might then be fair and reasonable to say that the firm becomes responsible for the customer's loss. And so, in Miss M's case, it's for me to determine if Barclays made an error(s) over the course of the scam and, if so, whether it's fair and reasonable for it to be held responsible for Miss M's losses as a result.

The payments from Miss M's account began on 11 October 2024 and ended on 31 October 2024. The pattern of withdrawals and payments on Miss M's account was unusual. There were more transactions than normal, and the amounts involved were significantly higher than her typical activity. So, I think Barclays should have been aware that Miss M could have been the victim of a scam and that it was reasonable to expect them to take some action. Barclays have explained that they stopped some payments and contacted Miss M to ensure it was her who was making them. They froze her account when the pattern of payments and withdrawals worsened, and they asked Miss M relevant questions about whether she had sanctioned the payments and their origin. They subsequently called Miss M to warn her of the risk of dealing with unregulated businesses and advised that legitimate firms wouldn't ask her to pay money into her account or ask her to take out loans. I think Barclays actions were fair, proportionate and timely and that they should have resonated with Miss M. Even if they were not, I do not think it would have changed the outcome. By then Miss M was being coached by the scammers about what to tell Barclays and she has explained that she feared them. I think it's likely she would have continued with transactions regardless and indeed I can see she did. I don't think Barclays can fairly be held responsible for the losses Miss M incurred.

I've thought about whether Barclays acted reasonably when it was made aware of the scam. I don't think they'd have been able to recover the money as it was withdrawn in cash and

there would be no trace. They did manage to recover £13,388.99 but haven't refunded that to Miss M yet. I think it would be fair to offset that amount against the balance of the loan.

This was a lot of money for anyone to lose so I do understand why Miss M wants to do all that she can to try and recover it. But I can only fairly ask Barclays to refund her if it is responsible for her loss. I can't hold them responsible when I don't think they reasonably ought to have prevented the payments from being made. In addition, I've not seen anything to show that Barclays would have been able to recover the loss. So, in respect of the loss, I'm not telling Barclays to do anything further, but they should offset the recovered £13,388.99 against the balance of the loan.

Miss M says the loan shouldn't have been approved as she couldn't afford it. Our approach to considering complaints about unaffordable and irresponsible lending is set out on our website. I've had this approach in mind when considering what's fair and reasonable in the circumstances of this complaint. I don't think Barclays completed proportionate checks before approving the loan. They've explained that Miss M declared income of £3,000 and that she was employed, full-time. Miss M also told Barclays that she was living with parents, so didn't have any council tax and utilities to pay and that her rent was £279 per month. Barclays completed a credit check and found no adverse information. I can see they estimated some expenses based on statistical information. But I think the information they gathered should have raised concerns. It was unclear how Miss M could be in full time employment while also a student and why she needed money for home improvements when she had explained she was living with her parents. This was quite a large loan given her account history and I think Barclays should have asked more questions to confirm the loan was affordable and payments could be sustained. As I don't think Barclays should have approved the loan application I don't think it's fair for it to charge any interest or charges. However, Miss M should repay the capital balance.

Barclays has offered a three-year interest-free loan to clear the balance after deducting interest, fees, charges and the recovered amount. I do not think it is reasonable to restrict the repayment period so tightly. Instead, Barclays should agree an affordable repayment plan.

### **My final decision**

For the reasons I've given above, I uphold this complaint in part and tell Barclays Bank UK PLC to:

- Offset £13,388.99 from the outstanding loan (if not done already),
- Refund/remove all interest, fees and charges. These shouldn't be applied going forward.
- Treat all repayments (from November 2024, December 2024 and January 2025) as repayments of the capital.
- If this results in an overpayment, then Barclays should refund this to Miss M along with 8% simple interest (calculated from the date of the overpayments until the date of settlement).
- However, if this results in there being an outstanding capital balance, then Barclays must agree to an affordable repayment plan with Miss M.
- Remove any adverse information that has been reported to Miss M's credit file until any remaining balance is repaid or settled.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss M to accept or reject my decision before 4 February 2026.

Phillip McMahon  
**Ombudsman**