

The complaint

Mr and Mrs P are unhappy that Barclays Bank UK PLC won't refund payments they made as part of a scam. As Mr P dealt with the scammers I've mainly referred to his actions in this decision.

What happened

In 2024 Mr P saw an advert on social media for a cryptocurrency investment opportunity. After registering his interest he was contacted by an agent who guided him through setting up an account with an Electronic Money Institution, I'll refer to as "R", and a wallet at a cryptocurrency provider. Initially Mr P invested \$250, and saw profits quickly being generated on the trading account. He was able to withdraw those, so he decided to increase his stake by transferring £4,000 to R on 5 June 2024.

Barclays spoke to Mr P before allowing the payment and he told the bank he was using the money for a holiday, and his account with R allowed him to spend abroad more easily. Barclays accepted that explanation and processed the transfer. Mr P then submitted a withdrawal request to the platform to access his profits, and was told his funds were in escrow and he'd need to pay 20% of the balance to prove liquidity. So, on 7 June 2024 Mr P applied for a loan of £20,000 with Barclays, which was approved straightaway. He told the bank the purpose of the borrowing was for 'home improvements'.

Shortly after the loan funds hit the account, Mr P tried to transfer the full amount to R – prompting Barclays to speak to him again. During that call he told the bank he was in his seventies and needed a hobby, so he'd taken the loan as he was thinking of taking up DIY. Mr P also said he would probably book some holidays, but hadn't made any plans yet for how he would spend the money. When Barclays queried why Mr P was moving it all to R he said he wasn't 'too clever' with computers and apps, but his daughter had recommended the account. So he wanted to have it there at R ready for when it was needed. Barclays subsequently released the payment.

Mr P was then asked for more money by the agent before his withdrawal could be paid to him, at which point he realised he'd been scammed. He reported the fraud to the businesses involved, and complained when none of the money was able to be recovered. Barclays' final response to the complaint said the payments weren't covered by the Contingent Reimbursement Model Code (a voluntary scheme the bank was signed up to which provided refunds for fraud in certain scenarios) as they'd gone to an account in his name. Barclays did however pay Mr P £50 to apologise for saying he would be wasting his time by pursuing the complaint through the Financial Ombudsman Service.

Unhappy with the outcome, Mr P referred things to our service. An investigator here thought the complaint shouldn't be upheld, as Mr P hadn't been forthcoming about the true purpose of the payments when questioned by the bank. In the investigator's view, that meant Barclays couldn't have uncovered the scam. Mr P didn't agree with that opinion, and asked for an ombudsman to reconsider the matter. So the complaint was passed to me to decide.

I issued provisional findings that said I intended to uphold the complaint in part. In summary,

I agreed the payments were suspicious and warranted intervention, but said Barclays wouldn't have been able to uncover the scam during the first call. Mr P was being guided on what to say by the scammer and the cover story of using the money for a holiday was plausible enough. But I didn't agree that Barclays should have been reassured by his answers during the second call. £20,000 was also a lot of money for a retired person on state pension to borrow, and sending it all straight to R was very suspicious.

I made the following observations about what Barclays was told by Mr P during the call on 7 June 2024:

- Mr P was (self-confessed) terrible on the computer and at using apps, and struggled to use the Barclays app to confirm he was the one on the call. Yet he was moving very large sums over to an entirely app/internet based account at R to use there "because it's easier".
- His daughter mentioned the R account in passing, as she was leaving the house, but didn't go into detail about it - yet he still went ahead and opened one, as he "assumed it must be good if she uses it for everything". Mr P then referred to his daughter showing him how to use the 'Euro account' with R, but the explanation seemed contradictory.
- Mr P took out a £20,000 loan for home improvements in his seventies, but didn't actually have any plans to spend that on home improvements. There were some vague references to needing a hobby and maybe taking up DIY, but you wouldn't take out a loan of this amount without having a specific purpose in mind.
- He said he would look to spend it on a holiday, maybe more than one, but didn't have any specific travel plans - and wouldn't have time to put any in place before he had to start making repayments on the loan. At one point he said he'd start to look at what the travel agent has "this year sometime".
- This conversation was after he'd already transferred over £4,000 a couple of days prior for supposedly the same reason (a holiday that wasn't booked).
- The agent asked whether he'd put through the DIY purchases on the R account, and he said probably not. Yet he was transferring over the full amount of the loan, just to "have the funds handy", but might transfer back whatever he didn't use.

What Barclays learned during that call should have concerned it greatly. So I concluded that despite Mr P being guided by the scammer the bank shouldn't have accepted his answers on face value. Instead it should have sent him to branch and asked to see a statement for R. That would have revealed the previous £4,000 had been sent to a cryptocurrency exchange, and the scam would have unravelled from there, preventing the loss of the 20,000 payment, once he was forced to come clean. The loan funds could have then been repaid within the cooling off period without incurring interest – so I said Barclays should remove that charge.

I said I was planning to direct Barclays to refund 50% of the final payment, as I would be applying a deduction for Mr P's contributory negligence. I recognised there were convincing aspects to the scam, but the red flags outweighed those in my view. Mr P's money basically doubled overnight, which should have seemed too good to be true. He was also having to mislead Barclays about the purpose of the loan and the reason behind the payments, which should have struck him as odd when supposedly it was a legitimate investment. Though I accepted the scammers were persuasive, there weren't clear reasons given for why he needed to lie to the bank. Some aspects of the warnings provided by Barclays and R ought to have resonated as well. So I believed a 50% deduction to the refund, for his part in the loss, was fair in the circumstances. Our service also looked at a complaint against R and thought it wouldn't have been able to uncover the scam, which was accepted by the parties.

Mr P accepted what I'd provisionally decided. Barclays also said it would agree, but flagged

that it would need to complete an income versus expenditure assessment with its customer before it could fully enact my recommendations. It asked us to make Mr P aware of that.

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.

As both parties have indicated they would be prepared to accept what I provisionally decided, then I see no reason to depart from what I previously concluded. I'm satisfied that's the fair outcome in the circumstances.

Barclays has said that it would need to complete a full income and expenditure with Mr P in order to restructure any remaining loan balance. Without that the bank wouldn't be able to complete the settlement as directed. I agree that without going through that process with its customer Barclays won't be able to come to an affordable repayment arrangement for the outstanding amount owed. The bank can carry out the other directions (like the 50% refund and removal of interest) required to work out what remains to be paid, but it won't have to update the information reported externally about the loan until the future payment arrangement has been agreed.

Compensation has already been paid for discouraging Mr P from escalating his complaint, which ultimately didn't impact his decision to do so but would have been distressing. So I haven't directed Barclays to do anything further in that regard.

Putting things right

In order to settle the complaint, Barclays should:

- Remove the interest payable towards the loan, so the total amount to repay is £20,000.
- Apply any loan repayments made by Mr P so far towards that capital balance.
- Refund 50% of the £20,000 payment that should have been prevented (£10,000) and pay that to the loan account. If that produces a positive balance then that amount should be refunded to Mr P with 8% simple interest yearly applied from the date it would have started accruing until the date of settlement.
- Come to an affordable repayment plan with Mr P for the remaining amount, if there is an outstanding balance.
- Update the Credit Reference Agencies (CRAs) with the new outstanding amount once an affordable repayment arrangement is reached.
- Remove all record of the loan from internal and external (CRAs) reporting once it is repaid, or written off.

My final decision

I've decided to uphold Mr and Mrs P's complaint about Barclays Bank UK PLC in part, and direct the bank to settle things in line with what I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs P and Mr P to accept or reject my decision before 15 April 2026.

Ryan Miles
Ombudsman