

## **complaint**

Mr M has complained Barclays Bank UK PLC didn't carry out a full investigation after he'd been a victim of fraud in July 2018.

## **background**

Mr M has an account with Barclays. In July 2018 someone was able to transfer £3,800 from his account to an unknown third party. Barclays refunded the money within 24 hours and confirmed to Mr M they'd carried out a full investigation. They'd identified a call to them by someone who wasn't Mr M. As they didn't believe Mr M had authorised the transaction, he was immediately refunded.

Mr M was concerned to find out later that Barclays hadn't carried out a full investigation at all. This meant he'd not been aware his mobile was subject to a SIM replacement attack. He was upset at the impact this lack of investigation had on him as he wasn't able to sort things out with his mobile phone provider or to take steps to protect himself against further potential fraud.

Barclays accepted they'd not been clear with Mr M and paid him £100 in compensation for this issue. Mr M didn't believe this took any account of what had happened so brought his complaint to the ombudsman service.

Whilst his complaint was with us, Mr M made us aware of other concerns:

- As Barclays had replaced his debit card, a payment for his car insurance renewal had not been made. His wife had later been stopped for driving without car insurance;
- Barclays had charged him £20 for a letter which he could use to testify to his good character. Not only was the information in the letter incorrect but it also stated it couldn't be used with third parties;
- Barclays had set up protective registration on Mr M's behalf but had never told him this only lasted for 13 months. If he'd known this, he'd have taken additional steps himself to protect himself and his family; and
- A further search by Barclays showing on his credit record.

Our investigator felt overall Barclays had been wrong to tell Mr M they'd done a full investigation when that wasn't the case. She did think £100 was sufficient compensation. She also asked Barclays to refund £20 to Mr M. This is what he'd been charged for the letter which he couldn't use. She didn't believe other issues were down to Barclays.

Mr M was angry at this outcome. There'd been a massive impact on him and his family because of the fraud that had taken place. He felt Barclays should compensate him for this.

I can't see a formal response being received from Barclays.

Mr M's complaint has been referred to an ombudsman to make a decision.

## **my findings**

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. Having done so, I've reached a slightly different conclusion about the compensation I believe is fair and reasonable. I'll explain why.

Firstly, it's worth emphasising that Mr M was a victim of fraud. This is always a very horrible thing to have happen to you and can be extremely distressing. Barclays very quickly realised Mr M had never authorised the transfer of £3,800 and refunded him promptly. But it's really the fallout from this that Mr M is complaining about.

There are a number of threads which I've considered in coming to my conclusion. To assist us in considering all of Mr M's concerns at once, Barclays allowed us to consider these even though they'd not issued a final response on all aspects.

#### *full investigation*

Mr M felt Barclays had led him to believe they'd carried out a full investigation as that's what they'd told him. He found out this wasn't the case. I can absolutely appreciate how annoying this was. This meant that Mr M missed the opportunity to sort out the problems he'd had with his mobile phone provider.

But I don't fully agree with that. Even though Mr M didn't find out for months that he'd been a victim of a SIM swap fraud, he could still pursue a complaint with his mobile phone provider whenever he wished. They may have limited evidence available but if there'd been a problem causing the SIM swap, he should still be able to pursue this.

I agree though that being told there'd been a full investigation would imply this had taken place. I've looked at what Barclays' obligations are when someone doesn't make or authorise transactions. Under the Payment Services Regulations, they're required to repay the money. This was done, as I've seen, promptly.

There's no requirement under the PSRs to investigate how the fraud happened – certainly it's good practice for banks to advise customers what steps they can take to protect themselves. They're also required by the regulator to maintain secure payment systems and through codes of practice take steps to identify fraudulent patterns and prevent fraud where possible. And they're required to participate in any relevant police investigation; but I think it would be a mistake to expect every bank to fully investigate how every single incident of fraud took place.

Experience shows that this would just not work. Banks won't always be able to identify how the fraud took place, nor would it be right to expect them to have the resource to do so.

That said, I agree it's better not to imply there'd been a full investigation when there hadn't been. I believe here Barclays misled Mr M. I'm not completely sure though what difference an investigation would have made to Mr M. Yes, he would have been able to pursue a complaint against his mobile phone provider and perhaps take steps to protect himself against any future fraud. But unfortunately – and I really don't wish to sound flippant here – fraud happens. For many victims of fraud there's nothing they could have done to stop what happened, happening.

#### *car insurance*

Mr M's car insurance lapsed in November 2018 as his insurance provider no longer held the right card details to allow them to process the payment. This was nearly four months after Mr M's card had been replaced.

I've seen quite a bit of correspondence from his insurance company to Mr M about the policies he and his wife held with them for their two cars. There were numerous letters to Mr M in November 2018 before the insurance policy was due for renewal. These quoted the old card details and asked him to get in touch if these had changed for any reason.

I appreciate Mr M has said his post was being intercepted – as part of the earlier fraud. I'd be surprised if this was the case as fraudsters don't tend to carry out long-term ID disruption in this way. They instead would use Mr M's details to take out further loans and financial agreements.

I'm also pretty sure that when Barclays re-issued the debit card this would have come with accompanying correspondence. This would have most likely advised how he needed to update records with those companies who may have been using old card details to process regular payments.

Overall I don't think it would be fair to say it was Barclays' fault Mr M didn't update his card details with his insurance provider. I appreciate how upsetting it must have been that, when Mrs M was stopped by the police, Mr M only then discovered his car insurance had lapsed. But it wouldn't be right to ask Barclays to pay any additional compensation related to this issue. Some of these issues should be directed towards Mr M's car insurance provider.

#### *Barclays' letter*

Mr M asked Barclays for a letter that he could use to testify to his good character. Particularly he wanted to show he didn't miss out on paying direct debits or other regular commitments. The letter he got didn't really go as far as he'd have liked (and was incorrect about the time he'd held an account with Barclays). He also noticed it stated:

*"It may not be disclosed to or relied upon by any third party"*

I agree this statement would immediately have caused some dismay to Mr M. I'd have been tempted to ignore this 'advice' as it's clear Barclays knew why he'd requested this letter, so I believe they'd given him the required authority. But I completely understand why Mr M wasn't pleased with this as offering a solution to his issue.

#### *protective registration*

Following Mr M's fraudulent transaction and realising this had occurred through some kind of ID takeover, Barclays took the responsible step of registering Mr M's details with the industry fraud-related database. This alerts financial institutions to take additional steps to verify ID when assessing any applications made in Mr M's name. Mr M has complained Barclays didn't notify him that this registration only lasted for 13 months.

I agree it would have been helpful for them to have confirmed this. But, in fact, not all banks would have made the protective registration in the first place, so I need to balance the steps Barclay did take.

#### *additional reference on credit record*

Barclays explained this additional check, that Mr M had spotted, was done as part of their regulatory requirements. This couldn't be removed but other institutions reviewing Mr M's credit record wouldn't be surprised to note this.

I believe Mr M has accepted this is not a further attempt at fraud.

#### *compensation*

Barclays gave Mr M £100 compensation which was paid to his current account in May 2019. I don't think this is sufficient knowing Barclays misled him and the impact this has had on him. I'm increasing this compensation and asking Barclays to pay Mr M a further £250.

Like our investigator I see no reason why Mr M should pay for a letter which wasn't what he'd hoped for. Not only should Mr M get the original £20 back but I've added a further £30 to this as additional compensation.

I'm sure Mr M will consider this is still insufficient. I've read his detailed response of 28 October 2019 to our investigator. The point I'd stress is that Barclays did not cause the fraud to happen initially. Mr M was undoubtedly the victim and I can understand his anger. Perhaps some of this should be directed towards the perpetrator rather than his bank. I appreciate as that party is unknown, it's easier to direct any anger towards the bank involved in the fraud. Mr M's response isn't that unusual in the circumstances. But that doesn't mean I believe it would be fair Barclays provide much higher levels of compensation for what happened.

#### **my final decision**

For the reasons I've given, my final decision is to instruct Barclays Bank UK PLC to pay Mr M:

- £250 additional compensation for what happened; and
- £50 as a refund for the costs of the letter.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 23 May 2020.

Sandra Quinn  
**ombudsman**