

complaint

Mr K complains that Barclays Bank Plc (trading as Barclaycard) failed to protect his account from fraud.

background

In August 2013 Mr K saw what he thought was an error on his Barclaycard account details and contacted the bank. He then discovered that the address on his account had been changed twice and another user had been added, all without his consent. A statement had been sent to one of the bogus addresses. A number of fraudulent transactions had been attempted and two were successful, both for about £1.

The bank refunded the transactions to Mr K, removed the other user from the account and restored the correct address. It also added another security feature to Mr K's account.

Barclaycard said that whoever had requested the changes to the account had passed full security checks.

Mr K said that he had been given inadequate and conflicting information when he alerted the bank to the problem. Barclaycard apologised for this and paid him £100 for the inconvenience and £20 for phone costs.

Mr K was not satisfied by the bank's response and referred his complaint to this service. He said that the bank had breached its duty of care. He did not believe Barclaycard had properly investigated what had happened and he had no confidence that the bank would make any effort to prevent similar frauds against his account in the future. He wanted to know all the details of the fraudulent activity on his account and an assurance that the bank would upgrade its systems to prevent further attack.

Our adjudicator did not recommend that the complaint should be upheld. Briefly, he said:

- The Financial Ombudsman Service is not a regulator and it is not our role to tell businesses what systems and procedures to put in place.
- The transactions had been refunded so Mr K had not been financially disadvantaged. Barclaycard had filed a protective registration with the fraud prevention service CIFAS and added extra security to Mr K's account.
- Barclaycard was unable to supply recordings of the actual calls in which the fraudster made the changes, but the written records showed that the bank went through security questions. The adjudicator had no reason to suspect that the bank failed to adhere to its own authentication processes.
- Mr K had a valid concern that there is potential for the fraudster to use his card statement – which was sent to the substituted address – to commit further crime. But the adjudicator could not order the bank to compensate him for a problem that may or may not arise, especially as it would be caused by the fraudster rather than the bank.

- The bank had taken all the action that the adjudicator would expect in the circumstances and it had compensated Mr K for the difficulties he experienced when he raised the issue.

Mr K did not agree with the adjudicator's conclusions. He did not think Barclaycard had done enough. He made these points, in summary:

- The bank has provided no convincing evidence that it followed the correct security procedures. It has destroyed the relevant phone records. That can only be interpreted as an effort by the bank to conceal the details of what occurred.
- The account changes were out of character and they all happened over a 14-day period. That should have sounded alarm bells and the bank should have sought proper confirmation from the account holder.
- He has suffered serious and lasting damage. His identity has been permanently compromised by the bank's neglect and omissions. He remains at risk and in daily dread of a further fraudulent attack as a result of the bank having provided the fraudster with his personal data, his spending habits and evidence of his identity.
- Dealing with this matter has cost him a huge amount in personal stress, time and effort.

my findings

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint. Having done so, I am sorry to tell Mr K that I have come to the same conclusions as the adjudicator and for much the same reasons.

I appreciate that Mr K was alarmed and unsettled by these events. It must have come as a shock to learn that someone had partly succeeded in gaining access to his account. I also understand his anxiety about the possibility of something like this happening again. What I need to determine is whether Mr K's problems were Barclaycard's fault, and whether the bank did enough to help Mr K.

Barclaycard has security procedures in place to check customers' identities when they phone in. Having looked at the evidence, I am satisfied that the bank deployed these procedures when the fraudster called. The bank's written records show that the security questions were asked and answered correctly. I do not believe that the records have been forged or amended, so I cannot agree with Mr K that the bank has attempted to conceal what really happened.

The account changes were made in quick succession and Mr K argues that the bank should therefore have regarded them as suspicious. But at the time Barclaycard was satisfied that it was Mr K who was making the changes, so I do not think it was unreasonable for it to accept them.

For these reasons, I do not think that what happened to Mr K's account was a result of errors or unreasonable actions by the bank.

More generally, I agree with the adjudicator that it is not this service's job to tell the bank how to arrange its security systems. It is for the bank to decide how it scrutinises account activity and what balance to strike between security considerations and enabling customers to arrange their affairs freely.

I accept that Mr K is worried about the possibility of fraud in the future, but I cannot order compensation for something that may or may not happen. I note that the bank has added a further security feature to his account and registered a protective CIFAS marker, which I think are reasonable precautions in the circumstances.

Mr K has suffered no financial loss and his account details have been corrected. Barclaycard has paid compensation for its information failures when handling the complaint. In my view, £120 is a reasonable sum for Mr K's inconvenience and phone costs.

my final decision

My final decision is that Barclays Bank Plc has done enough to settle this complaint.

Colin Brown
ombudsman