

The complaint

Mr W complains that Barclays Bank UK PLC (Barclays) has refused to refund the money he has lost following him falling victim to a scam.

Mr W is being represented by a third party. To keep things simple, I will refer to Mr W throughout my decision.

What happened

The background of this complaint is well known to all parties, so I won't repeat what happened in detail.

In summary Mr W received a cold call from a business claiming to be Edgedale Finance (X) in 2016. X came across very professional and persuaded Mr W to make an investment with it. The setup process included Mr W sending identification documents as he would reasonably expect when investing with any reputable business.

Mr W made a payment to X of £5,000 using his debit card.

X sent Mr W a link to a professional looking website where he was able to see trades being made on his behalf by X and that he was making a profit on his investment.

In September 2016 Mr W realised X had stopped corresponding with him. Mr W tried to contact X but was unable to. Mr W was also unable to withdraw any funds from his account with X.

It was clear that Mr W had fallen victim to a scam, and he has not been able to recover his money.

Our Investigator considered Mr W's complaint but didn't think it should be upheld. Mr W disagreed, so this complaint has been passed to me to decide.

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.

It has not been disputed that Mr W has fallen victim to a cruel scam. The evidence provided by both Mr W and Barclays sets out what happened clearly. What is in dispute is whether Barclays should refund the funds Mr W lost due to the scam.

Recovering the payments Mr W made

Barclays was unable to process a chargeback for the payment Mr W made in relation to this scam to X.

The chargeback scheme is a voluntary scheme set up to resolve card payment disputes

between merchants and cardholders. The card scheme operator ultimately helps settle disputes that can't be resolved between the merchant and the cardholder.

Such arbitration is subject to the rules of the scheme, meaning there are only limited grounds and limited forms of evidence that will be accepted for a chargeback to be considered valid, and potentially succeed. Time limits also apply.

Mr W made the payment to X in 2016 but didn't complain about the payment to Barclays until 2022. So unfortunately, the time to raise a chargeback has now passed.

I am satisfied that by the time Mr W complained to Barclays, Barclays had no method available to recover the funds.

Should Barclays have reasonably prevented the payment Mr W made?

Mr W has accepted he authorised the payment he made to X, so the starting point here is that Mr W is responsible. However, banks and other Payment Services Providers (PSPs) do have a duty to protect against the risk of financial loss due to fraud and/or to undertake due diligence on large transactions to guard against money laundering.

The question here is whether Barclays should have stepped in when Mr W was attempting to make the payments, and if it had, would it have been able to prevent the scam taking place.

I think it would be reasonable for Barclays to have stepped in and questioned Mr W about the payment he was making to X. The payment was to a new payee and of a reasonable value. However, I don't think it would have made a difference if it had.

Mr W tells us he was dealing with a business that seemed to be professional and he was confident the business was legitimate, providing professional looking systems in support of this.

This type of scam was in its infancy around the time Mr W made the payment and I think it's unlikely Barclays would have been able to provide Mr W with a warning based on its knowledge at the time. Mr W was also happy to make the payment based on the information he had received.

Overall, I don't think Barclays missed an opportunity to prevent the scam, so it is not responsible for Mr W's loss.

My final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 28 July 2023.

Terry Woodham
Ombudsman