

The complaint

Mrs A complains that Barclays Bank UK PLC won't refund the money she lost when she was the victim of a scam, and about the customer service she received when she raised her claim.

What happened

In April 2022, a friend of Mrs A's on a social media platform suggested she try an investment company they had been using. Mrs A spoke with the investment company and was happy to make an investment. So she sent £2,002.99 via an online payment service to the bank details the investment company gave her. Unfortunately we now know the friend's social media account had been hacked and the investment company was a scam.

After the scam was uncovered, Mrs A raised the payment with Barclays and asked it to refund the money she had lost. Barclays investigated but said it hadn't been able to recover the payment Mrs A had made, so wouldn't refund the money she had lost. Mrs A wasn't satisfied that Barclays wouldn't refund the money, or with the customer service she had received during her claim, so referred a complaint to our service.

One of our investigators looked at the complaint. They said they didn't think Barclays had acted unfairly by not refunding the money and that we wouldn't expect it to have stopped the payment as suspicious either. They also said they thought Barclays had given Mrs A a reasonable explanation of its investigation when it spoke to her on the phone, so didn't think it should have to pay her any compensation. Mrs A disagreed with our investigator, so the complaint has been passed to me.

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.

Did Barclays do enough to protect Mrs A?

Banks are expected to make payments in line with their customers' instructions. And Mrs A accepts she made the payment here. So while I recognise she didn't intend for the money to go to scammers, she did authorise the payment. And so the starting position in law is that Barclays was obliged to follow her instructions and make the payment. So Mrs A isn't automatically entitled to a refund.

The regulatory landscape, along with good industry practice, also sets out requirements for banks to protect their customers from fraud and financial harm. So, in line with this, I think Barclays should fairly and reasonably:

- Have been monitoring accounts and any payments made or received to counter various risks, including anti-money laundering, countering the financing of terrorism, and preventing fraud and scams.

- Have had systems in place to look out for unusual transactions or other signs that might indicate that its customers were at risk of fraud (among other things). This is particularly so given the increase in sophisticated fraud and scams in recent years, which banks are generally more familiar with than the average customer.
- In some circumstances, irrespective of the payment channel used, have taken additional steps, or made additional checks, before processing a payment, or in some cases declined to make a payment altogether, to help protect customers from the possibility of financial harm from fraud.

And so I've also considered whether Barclays should have identified that Mrs A was potentially at risk of fraud as a result of this payment.

But the payment Mrs A made wasn't for what I'd consider to be a particularly large amount of money. There were other payments out of her account for similar and larger amounts in the months before this payment. And the payment didn't leave the balance of her account at a particularly unusual level.

So I don't think the payment will have looked particularly suspicious or unusual to Barclays. And I think it's reasonable Barclays didn't identify that Mrs A was potentially at risk of fraud as a result of the payment, or ask any further questions or carry out any additional checks before allowing it to go through.

Did Barclays do enough to reimburse or recover the money Mrs A lost?

Mrs A has mentioned the Lending Standards Boards Contingent Reimbursement Model (the CRM code), which requires firms who have signed up to it to reimburse the victims of certain types of scams. But this code doesn't apply to card payments, which is how the payment Mrs A made here was done. So I can't apply the standards of the CRM code here or require Barclays to reimburse Mrs A on this basis.

Once they have been notified of a scam, we expect businesses to take reasonable steps to try to recover any money their customers have lost – including making use of any available chargeback scheme.

A chargeback is a process by which card payments can be disputed with the merchant who took the payment, which in Mrs A's case is the online payment service the payment was made via. Barclays attempted to chargeback the payment Mrs A made, but the online payment service rejected the claim. And it wasn't the online payment service themselves that scammed Mrs A. The online payment service didn't do anything wrong and just made the payment as instructed. So I don't think there was anything further Barclays could do to dispute the payment in this way.

Any attempt by Barclays to recover the money would also have been unsuccessful, for the same reasons. The recovery attempt would have gone to the online payment service and it hadn't done anything wrong.

And so I don't think anything we'd reasonably expect Barclays to have done would have recovered the money Mrs A lost.

Did Barclays provide Mrs A with a reasonable level of customer service?

Mrs A has also complained about the level of customer service she received from Barclays when making her claim, and specifically that it didn't explain what it could or couldn't do in

order to reimburse or recover her money, didn't explain how likely she was to get a refund and suggested she pursue the scammers herself.

I've looked at copies of the letters Barclays sent Mrs A about her claim and listened to a recording of the phone call it had with her about it on 13 June 2022. And I agree that the explanation Barclays gave could have been more detailed and more tailored to Mrs A's situation, particularly in its letter of 13 June 2022. But I do think the explanation Barclays gave in the phone call was reasonable. The person Mrs A spoke to explained Barclays is limited in what it can do as the payment was made by Mrs A herself on her card, and it can only look at the company the money was sent to. They also explain how and when the temporary credit will be taken back from her account and how this will affect her overdraft. And I think they display reasonable empathy and understanding towards Mrs A.

And while I appreciate that it may not have been practical for Mrs A to pursue the scammers herself, I think Barclays was likely just trying to explain the possible next steps she could take, as it had done all it could.

So I don't think the customer service Mrs A received from Barclays while making her claim fell significantly below the level we'd expect or that Barclays should be required to pay any compensation as a result.

I sympathise with the position Mrs A has found herself in. She has been the victim of a cruel scam and I'm in no way saying she did anything wrong herself. But I think the main cause of the loss, distress and inconvenience she has suffered here is the scammers and I can only look at the actions of Barclays. And, for the reasons I've set out above, I don't think Barclays has acted unreasonably or that anything we would reasonably have expected it to do would have prevented or recovered her loss.

So I don't think it would be fair to hold Barclays responsible, or that it should have to refund the money Mrs A lost or do anything further here.

My final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs A to accept or reject my decision before 31 August 2023.

Alan Millward

Ombudsman