

The complaint

Mr B complains that Barclays Bank UK PLC did not refund a series of payments he lost to a scam.

What happened

Mr B was added to a group chat related to an investment opportunity. He saw others discuss their investments and returns and was satisfied the investment was genuine. He began investing a small amount in January 2023 and did so by transferring funds from his Barclays account to a cryptocurrency account in his name, and then forwarding them to the investment platform. After seeing returns on the platform, he attempted to withdraw the funds but was met with excuses and additional fees to do so. Eventually, he contacted the cryptocurrency exchange who advised him this was a scam.

He raised a scam claim with Barclays who attempted to recover the funds, but as the cryptocurrency account was in Mr B's name and the funds had already been moved to the scammer, there was nothing further Barclays could do. Barclays also explained that the loss had not originated with them, and they would not provide reimbursement to Mr B.

The complaint was referred to our service and our Investigator looked into it. They felt that the payments were not significantly unusual when compared to Mr B's genuine account activity. So they didn't agree that Barclays had missed an opportunity to intervene and reveal the scam. Mr B disagreed with this. He felt the payments were unusual and that Barclays should have identified the risk of payments going to cryptocurrency.

As an informal agreement could not be reached, the complaint has been passed to me for a final decision.

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.

Having done so, I agree with the Investigator for largely the same reasons. I don't think Barclays needs to reimburse Mr B in the circumstances. I'll explain why in more detail.

I'm satisfied that Mr B has been the victim of a scam, and I'm sorry he's had to experience this. In deciding what's fair and reasonable in all the circumstances of a complaint, I'm required to take into account relevant: law and regulations; regulators' rules, guidance and standards; codes of practice; and, where appropriate, what I consider to be good industry practice at the time.

Broadly speaking, the starting position in law is that an account provider is expected to process payments and withdrawals that a customer authorises it to make, in accordance with the terms and conditions of the account. And a customer will then be responsible for the transactions that they have authorised.

It's not in dispute here that Mr B authorised the payments in question, as he believed they were part of a legitimate investment. So, while I recognise that he didn't intend the money to go to scammers, the starting position in law is that Barclays was obliged to follow Mr B's instruction and process the payments. Because of this, he is not automatically entitled to a refund.

The regulatory landscape, along with good industry practice, also sets out a requirement for account providers to protect their customers from fraud and financial harm. And this includes monitoring accounts to look out for activity that might suggest a customer was at risk of financial harm, intervening in unusual or out of character transactions and trying to prevent customers falling victims to scams. So, I've also thought about whether Barclays did enough to try to keep Mr B's account safe.

I've reviewed Mr B's statements and compared the scam payments to his genuine account activity. Having done so, I don't think they were significantly out of character. Mr B had made other payments and transfers of similar or higher amounts in the months leading up to the scam and between the payments, so I don't think the values appeared suspicious. And while I accept there were a few payments, these were still spread out over a relatively long period of time and don't match the typical pattern of scam payments I would expect.

I have taken on board Mr B's comments that these payments were to a cryptocurrency exchange and these do have a higher level of risk associated with them. And this is something I have taken into consideration when looking at the account activity as a whole. Even with this consideration, I am still of the opinion that these transactions were not significantly unusual enough to have warranted intervention by Barclays before they were processed. So, I do not think Barclays has missed an opportunity to reveal the scam.

As the funds went from Barclays to an account under Mr B's control before being moved to the scammer, there was nothing further Barclays could do to recover the funds once they were made aware of the scam.

Mr B has highlighted an example case that our service has on our website. I understand this is similar to his own, but every case has to be reviewed on its own merits and there are a number of factors that can affect an outcome. I want to assure Mr B that I have considered his case carefully and reviewed all the evidence. Having done so, I don't agree that Barclays have made an error in the circumstances, so I won't be asking them to refund Mr B in the circumstances.

My final decision

I don't uphold Mr B's complaint against Barclays Bank UK PLC.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 3 May 2024.

Rebecca Norris
Ombudsman