

The complaint

Mr G complains that Barclays Bank UK PLC (“Barclays”) held him liable for transactions he didn’t recognise on his account and unfairly lodged a fraud prevention marker against him.

What happened

What Mr G says

Mr G explained that he received a message on a social media platform that said “...if I would I like to receive some kind of money to “help me” get by”. At the time he was studying at university.

He went on to say that he was naïve and accepted the offer. He said he was required to open a bank account and provided all the details of it to the sender of the message. Mr G said he didn’t know who they were and can’t provide any evidence of his contacts with them.

Mr G said he didn’t use the account himself, but also said that he followed the instructions he was given. He said various people used his phone (with the banking app installed on it) from his location, which meant that the IP address showed it was him (instead of others) who were using it.

Note: IP addresses are a means to identify physical locations that online transactions are connected to and can be the actual physical location or other locations connected to the provider of the data services.

The account was only open for a short period of time (about three months) and received only a few payments into it. A few small payments from Mr G (presumably another account he held) and payments to and from (£5.00 each time) to a crypto currency trading platform. After these (test payments ?), fraudulent funds (from two different victims) were received and immediately transferred to the crypto trading platform before Barclays blocked the account and returned some of the stolen funds.

Mr G later said that in various conversations he had with the message senders, they talked about stock trading and generating commissions. He said he didn’t understand all that they were saying in these conversations.

He denied knowing he was involved in moving fraudulent funds and is now having difficulties opening a bank account due to the fraud prevention marker lodged by Barclays. Mr G said that after he became aware of the marker, he complained to Barclays who wouldn’t remove it. Mr G then brought his complaint to the Financial Ombudsman Service for an independent review.

What Barclays say

Barclays received a number of reports concerning fraudulent funds being sent to Mr G’s newly opened account. After assessing the information and how the account had been operated, they issued a closure notice to Mr G and lodged a marker against him with CIFAS

– a fraud prevention agency.

When Mr G complained, Barclays notes record that he:

- initially denied opening the account, but later admitted he did open it.
- He said he approached Barclays at the time about the closure, but then said he hadn't.
- He claimed that the people who'd contacted him had stolen his identity and made the payments from his account.

Following their investigation into his complaint, Barclays declined to remove the marker.

The investigation so far

Once Mr G's complaint was received, an investigator was assigned to look into what had happened. After reviewing the evidence, they didn't think that Barclays should have to do anything, and Mr G's complaint wasn't upheld. In summary, the investigator said:

- Barclays had sufficient evidence to lodge a marker against Mr G.
- Barclays were in receipt of multiple reports concerning fraudulent funds entering Mr G's account.
- Mr G has no evidence to back up his story.
- There's no plausible explanation how the fraudster could have obtained Mr G's bank details without his knowledge.
- Mr G admits to being naïve.
- Mr G's version of events isn't supported by the evidence.
- IP address data matches similar locations used by Mr G and the phone used to make the disputed transactions was registered to his own phone number.
- The closure of the account was reasonable following the investigation by Barclays.

Mr G disagreed with the outcome and asked for a further review of his complaint. He added that:

- The account was used by the fraudster to give the impression that it was Mr G's money which was then deposited into a stock trading platform.
- Mr G continues to believe his identity was hijacked by fraudsters.
- Mr G has had difficulty opening an account.

As no agreement could be reached, the complaint has now been passed to me for a 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.

There are two main elements to Mr G's complaint, one that he wasn't responsible for the payments and secondly that he was unaware of the source of the funds. Firstly, I'll deal with the actual payments made from the account.

The relevant law surrounding authorisations are the Payment Service Regulations 2017. The basic position is that Barclays can hold Mr G liable for the disputed payments if the evidence suggests that it's more likely than not that he made them or authorised them.

Barclays cannot say that the use of the mobile banking app conclusively proves that the payments were authorised.

Unless Barclays can show that consent has been given, it has no authority to make the payment or to debit Mr G's account and any such transaction must be regarded as unauthorised. To start with, I've seen the bank's technical evidence for the disputed transactions. It shows that the transactions were authenticated using the payment tools issued to Mr G.

Mr G's version of events given to Barclays and our service has differed considerably. It's difficult to rely on his testimony due to the various inconsistencies about what happened. Mr G also says he has no evidence of his contact with the fraudsters. He stated that they used his account themselves, but also that he followed their instructions. He further claimed that they carried out some of the activities from his own location using his phone.

Looking at the evidence provided by Barclays, it's apparent that Mr G registered several devices (phones) with his mobile banking app. That could only be done by Mr G himself or with his knowledge (if he somehow provided those details to the fraudsters). The various devices were registered some weeks prior to the start of the suspicious transactions and one particular device was used to make all the suspicious payments from the account. IP address data shows that activity on the phone took place from the same area that Mr G has given for his address. That same phone then goes on to make the large (successful) payment to the crypto account, but from a different IP address.

So, it's reasonable to assume that because it was the same phone registered by Mr G, using locations close to where he's given his address for and that same phone went on to make the payments from the account containing the stolen funds, I think it's implausible to conclude that Mr G wasn't involved. Either he made them himself or gave his phone and security information to others to make them – but either way I think it's reasonable that he can be held responsible for the outgoing payments.

Also, given that some of the smaller payments were received from an account in his own name, it's unlikely anyone else sent those funds (because they would need access to the sending account). I also think it's fair to conclude that the account was opened solely for the purposes of moving stolen funds because the only activity is related to either sending small payments to the crypto account (likely as a test) or to receive and send on the stolen funds (including others that were blocked by Barclays).

I'm satisfied that the evidence shows, on balance, that Mr G was more likely than not responsible for the payments from the account, or he allowed others to use it with his knowledge.

Going on to the CIFAS marker lodged by Barclays, once they received multiple reports of fraudulent payments into the account, they were able to meet the first principal test required by CIFAS – that being sufficient evidence to show that a financial crime had been

committed.

The second part of the test is that Barclays have to have clear, relevant and rigorous evidence to support their case about Mr G's involvement. Given the inconsistencies in Mr G's version of events and the supporting audit data, I think it's implausible to conclude that he wasn't aware of those funds entering his account and the nature of them. His story about being offered "free money" isn't very believable and the fact that the account was set up well before it was used suggests that its sole purpose was to move stolen funds.

Even if I was to accept Mr G's story that he was innocently offered "free funds", the account was open for over two months before any funds were paid into it, making the offer of these funds seem even more implausible. I recognise Mr G has said he was naïve, but I think the evidence shows that it was more than that. Payments into the account from another in his name suggest he was more involved than he's declared.

I did consider whether he was especially vulnerable at the time, but even though he was studying (and it's not unheard of for students to be approached to get involved in these types of schemes), his actions and the audit data don't support that.

Once Barclays concluded Mr G was involved with the movements of the stolen funds, they closed his account. The terms linked to this and most accounts enables the immediate closure when evidence points to the use of the account for such activities as the ones that took place here. I don't think it was unreasonable for Barclays to close it based on the evidence they had.

Regarding the difficulty Mr G's experiencing with other accounts, I'm afraid Mr G will have to raise the conduct of those banks directly with them. If he wishes to then bring those complaints to our service, they can be considered separately to this complaint.

Overall, I'm satisfied it was both fair and reasonable for Mr G to be held liable for the activity on the account and Barclays had sufficient evidence to lodge the CIFAS marker and close his account. I won't be upholding this complaint.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 30 January 2024.

David Perry
Ombudsman