

The complaint

Miss M has complained about the way Barclays Bank UK PLC handled transactions she says she didn't make or otherwise authorise.

What happened

Cash totalling £17,000 was withdrawn from Miss M's Barclays accounts at two branches, verified using photo ID and her mobile banking app.

Miss M explained that she was abroad and this wasn't her; someone had taken control of her account with her phone provider and installed her app on another phone. Barclays blocked the account to secure it, refunded the disputed withdrawals, and investigated. They confirmed that the refund would be permanent.

Miss M complained. She felt Barclays should have blocked the withdrawals. She accused them of corruption. She was unhappy they couldn't tell her exactly how the fraudster had stolen her identity, and was unhappy they temporarily blocked her account. She wants £100,000 compensation for distress, for Barclays to face greater accountability, and for Barclays' processes to change.

Barclays explained they'd done what they could, and offered her £250 compensation.

Our investigator looked into things independently and found Barclays' offer to be fair. Miss M didn't agree, so the complaint's 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.

First, I understand that Miss M was the victim of a crime here, and that the fraudster caused her a great deal of distress, for which she has my sympathy. I'm grateful to her for being open and candid with us about how this matter made her feel.

I need to explain that we're not the regulator – that's the Financial Conduct Authority (FCA). So we're not here to regulate Barclays or their processes, and I cannot make Barclays change their processes across the board. We are also not here to punish businesses or to issue fines. We're here to resolve individual disputes, as a faster, free, and more informal alternative to the courts. So I am not best placed to comment on Miss M's suggestions on how she thinks the financial system should change. She can contact the FCA if she wishes. And if Miss M would like the case to be looked at more formally, as a court would, she has the right to reject my decision and take Barclays to court.

I do appreciate Miss M's arguments for why Barclays should have blocked these withdrawals. The starting position in law is that banks are expected to process payments which they're authorised to make. And here, to the bank it would have looked like the withdrawals were authorised. The fraudster was able to verify themselves using Miss M's photo ID, and her mobile app, which they had registered with her genuine mobile number using her own previous genuine device, and which they were able to log in to. And while I appreciate Miss M feels otherwise, a drivers licence is very much an acceptable form of photo ID. So I can see why Barclays let these withdrawals go ahead.

But even if I accept that Barclays were definitely wrong to let the withdrawals go through – for example, because of a discrepancy in the signature provided as Miss M suggested – I should reiterate that my role is to put things right for Miss M individually, not to punish Barclays or to change the way they work. So my first concern would be that they refunded Miss M in good time, which Barclays did here. My second is that she was compensated for the time she was without her money, which we usually do by adding simple interest for the period the money was missing, at the rate of 8% simple per year. This is the same rate the courts use in similar situations. Here, Miss M was without her money for a few days, so this compensatory interest would come to about £15, which is more than covered by the £250 which Barclays have already offered.

I understand that Miss M found it inconvenient to have her account temporarily blocked when she reported the fraud. But it was both right and expected for Barclays to add the block here. A fraudster had Miss M's photo ID, and had taken over her banking app. So Barclays needed to block her account to prevent any further unauthorised access while they secured it. The block was not left in place for an overly long or unreasonable time. I find that Barclays followed good industry practice by securing Miss M's account.

I also understand why Miss M wanted Barclays to tell her how the fraudster had stolen her identity. But aside from some of the security and data protection issues involved, there's only so much Barclays could know. Common identity theft techniques are carried out without any involvement of the bank. For example, here the fraudsters may have searched Miss M's bins for thrown-away documents, intercepted post, sent her phishing contact that looked genuine, hacked her account with her phone provider, scoured her social media, and so on. Barclays are not a police force; they cannot carry out a detailed criminal investigation into the fraudster, and couldn't realistically say for certain how they stole Miss M's identity.

Similarly, while Miss M suggested that Barclays' own staff may have been involved in the fraud, as noted above there was no necessity for any staff involvement at all. This suggestion bears a very serious accusation, and I've found no evidence which shows or substantiates that Barclays' own staff were complicit.

As mentioned above, my first concern was that Miss M didn't lose out financially here. And I can see that Barclays secured her account and refunded her in full in good time. Next, I've considered her non-financial losses – i.e. the distress she suffered.

Of course, being targeted by fraudsters is hugely stressful, and it can't have been any easier if Miss M was also away at the time. Again, she has my sympathy. I do need to keep in mind that it was the fraudster who committed the fraud. So it's the fraudster who is primarily responsible for the fraud, and who really owes Miss M the bulk of the damages. Even if Barclays had done everything they were supposed to, and even if they'd blocked the withdrawals outright, it would still have been highly distressing for Miss M to be targeted by criminals like this, she would still have faced a sense of anxiety about how they'd followed her, her account would still need to have been blocked while Barclays took the proper precautions, she would still need to have spent time talking to Barclays, she would still need to have re-set up her account access, and the matter would still have significantly impacted her time away. So there's only so much of Miss M's stress which I can fairly attribute to Barclays, rather than the fraudster.

When a business gets things wrong, we often tell them to pay compensation, to recognise their mistake and the impact it had. Here, I understand that Miss M felt she spent too much time on the phone and had to ask for updates, and I understand she had some initial trouble getting her account running again. I've also kept in mind that it's the fraudster who was primarily responsible for Miss M's distress, and that Barclays dealt with the matter in good time, refunded the money in full, apologised for what happened, and offered Miss M support for her mental health. I appreciate Miss M feels Barclays should face more accountability, as she puts it. But as I explained before, we're not the regulator and are not here to issue fines or to punish businesses. I also note that Barclays did refund the £17,000 to Miss M out of their own pockets, so Miss M can be assured that Barclays did suffer a significant loss here. We have guidelines about what levels of compensation to award, and I need to be consistent with those. Taking into account what Barclays were responsible for and the impact Barclays' actions had, I find that their offer of £250 compensation is fair to put things right here.

My final decision

For the reasons I've explained, I find that Barclays Bank UK PLC have already made a fair offer to resolve Miss M's complaint. I do not make any further award.

This final decision marks the end of our service's consideration of the case.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss M to accept or reject my decision before 19 December 2023.

Adam Charles
Ombudsman