

The complaint

Mr S complains that Barclays Bank UK PLC trading as Barclaycard hasn't protected him from losing money to a scam.

What happened

The background to this complaint is well known to both parties, so I won't repeat everything here. In brief summary, Mr S has explained that in June 2021 he made payments using his Barclays credit card for what he thought was a legitimate investment. Mr S made the payments from his Barclays credit card first to his Coinbase account, before moving them on from there to the scammers. The payments numbered two and were for £2,000 each on 7 and 14 June 2021 respectively, with accompanying transaction fees of £119.60 taking the total amount to £4,119.60.

Mr S subsequently realised he'd been scammed and got in touch with Barclays. Ultimately, Barclays didn't reimburse Mr S's lost funds, and Mr S referred his complaint about Barclays to us. As our Investigator couldn't resolve the matter informally, the case has 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.

Having done so, I've decided to not uphold Mr S's complaint for materially the same reasons as our Investigator.

I'm sorry if Mr S lost money to a scam. However, this doesn't automatically entitle him to a refund from Barclays. It would only be fair for me to tell Barclays to reimburse Mr S his loss (or part of it) if I thought Barclays reasonably ought to have prevented the payments (or part of them) in the first place, or Barclays unreasonably hindered recovery of the funds after the payments were made; and if I was satisfied, overall, this was a fair and reasonable outcome.

Prevention

I'm satisfied Mr S authorised the relevant card payments. Barclays would generally be expected to process payments a customer authorises it to make; and Mr S is presumed liable for the loss in the first instance, in circumstances where he authorised the payments. I appreciate Mr S has referred to the CRM code, but this wouldn't apply to these payments because the CRM code doesn't apply to card payments. That said, as a matter of good industry practice Barclays should have taken proactive steps to identify and help prevent transactions – particularly *sufficiently* unusual or uncharacteristic transactions – that could involve fraud or be the result of a scam. However, there are many payments made by customers each day and it's not realistic or reasonable to expect a bank to stop and check every payment instruction. There's a balance to be struck between identifying payments that could potentially be fraudulent, and minimising disruption to legitimate payments.

In this case, Barclays didn't pause either of the two payment instructions, pending enquiries with Mr S, before allowing the payments through. So, I've considered whether I think Barclays ought reasonably to have done so. Both payments were for £2,000. I wouldn't say it was usual for Mr S to make payments for this amount from this account. However, as I've said, there's a balance to be struck between identifying payments that could potentially be fraudulent and allowing customers ready access to their funds. It's a question of degree – whether the payments were *sufficiently* unusual. And in this case, I don't think they were. It's not irregular for customers from time to time to use their credit cards to make occasional larger payments than normal. The two payments were spread a week apart. The payments were made to a merchant associated with cryptocurrency, and I note what Mr S has said about a different bank's policy on this, but not all payments made for cryptocurrency are made as a result of a scam. Additionally, whilst I understand Mr S has said Barclays should have been on heightened vigilance because he'd been scammed previously, as our Investigator pointed out, Mr S had a recent history of legitimate payments to his Coinbase account. And I just don't think any of this is sufficient in the particular circumstances of this case to tip things in Mr S's favour. Overall, I just don't think I can say it was unreasonable for Barclays to have not intervened in these payments before they were sent. So, I'm satisfied Barclays didn't unreasonably miss an opportunity in this case to prevent the payments before they were sent.

Recovery

After the payments were made, I couldn't reasonably expect Barclays to have done anything further until Mr S notified it of the scam. Then, because these were credit card payments, the two potential avenues for recovery of the payments would have been chargeback and section 75 of the Consumer Credit Act 1974. However, Mr S made the payments from his Barclays credit card to Coinbase (and not directly to the scammers). This means the merchant here, for chargeback and section 75 purposes, would be Coinbase (and not the scammers). Coinbase legitimately provided the services intended (which was the purchase of cryptocurrency and then moving it on as per Mr S's choosing). The subsequent transfer of the funds onto the scammers from Coinbase would not give rise to a valid chargeback claim through Barclays, and there would be no valid claim under section 75 either, as the debtor-creditor-supplier link is broken given Mr S paid Coinbase – a legitimate merchant. So, I don't think these payments were recoverable by Barclays once they had been made.

I realise this means Mr S is out of pocket, and I'm sorry he's lost money. However, I can't fairly nor reasonably tell Barclays to reimburse him in circumstances where I don't think it reasonably ought to have prevented the payments or been able to recover them.

My final decision

For the reasons explained, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 8 January 2024.

Neil Bridge
Ombudsman