

The complaint

Mr W complains that Barclays Bank UK PLC ('Barclays') allowed an account to be opened and operated by a fraudster and that Barclays didn't do enough when it was notified the payment he sent to its customer was fraudulent.

What happened

In January 2023 Mr W fell victim to a scam and transferred £10,000 from his bank account to an account at Barclays in the name of someone I'll refer to as V in this decision.

Mr W wrote to Barclays to explain what had happened and was asked to raise a scam claim with his own bank which would then contact Barclays. After contact from Mr W's bank, £3.24 was recovered and returned to Mr W.

Mr W is unhappy that Barclays hasn't reimbursed his loss. He says Barclays shouldn't have allowed a fraudster to open an account, should have questioned its customer when his funds were moved on from V's Barclays account and hasn't done enough to recover his funds.

Our investigation so far

The investigator who considered this case didn't recommend that it be upheld. He considered Barclays' actions as the bank that received fraudulent funds under the Lending Standards Board's Contingent Reimbursement Model Code (CRM Code) and said that:

- The account was opened in line with Barclays' procedures and relevant checks were completed.
- There was nothing about the activity on V's account that would have caused Barclays any concern at the time.
- By the time Barclays was notified of the scam only limited funds remained in V's account to return to Mr W.

Mr W didn't agree with the investigator's findings and asked for a final decision, so his complaint has been passed to me. In summary, he said:

- Barclays should at least be held partly responsible. When he transferred £10,000 from his bank, he was asked multiple questions but says Barclays did nothing when the transfer was made from its customer's account. Mr W believes Barclays didn't take money laundering seriously.
- In returning the remaining balance of £3.24 Barclays admitted that it had allowed the account to be used fraudulently.
- Barclays should have traced his funds.
- He doesn't think using data protection as an excuse is acceptable when a crime has been committed.
- There was only a delay in reporting the scam because Barclays wouldn't allow him to report it directly and waited for his bank to do so, allowing the onward transmission of his funds.

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.

I'm sorry to hear that Mr W was duped by an unscrupulous individual and of the impact of the scam on him. Being the victim of a scam doesn't automatically entitle Mr W to a refund from the bank that received his money though.

Barclays has signed up to the CRM Code. The CRM Code sets out what is expected of the 'Sending Firm' and 'Receiving Firm' (in this case Barclays) when payments are made or received.

In summary, the receiving firm should:

- Take reasonable steps to prevent accounts from being used to launder the proceeds of Authorised Push Payment (APP) scams.
- Have procedures in place to prevent, detect and respond to the receipt of funds from APP scams; and
- Where the receiving Firm identifies funds where there are concerns that they may be the proceeds of an APP scam, it should freeze the funds and respond in a timely manner.

I've carefully considered Barclays' obligations.

Barclays has shared relevant information with our service in confidence to allow us to investigate Mr W's complaint. I'm limited as to how much information I can share with Mr W because it relates to a third-party account and is confidential. I'm afraid that whether a crime has been committed doesn't alter this. Under the rules that govern how this service considers complaints we may accept information in confidence where we consider it appropriate, and I consider it appropriate to do so in this case. But I'd like to assure Mr W that I've carefully reviewed everything before reaching my decision.

I've been provided with evidence in respect of the opening of V's account. Having carefully considered this evidence, I'm satisfied Barclays followed its internal procedures when opening the account. Sadly, no matter how robust account opening procedures are, a bank can't predict how an account will be used after it has been opened.

I've gone on to consider whether the activity on the receiving bank account (V's account) ought reasonably to have caused Barclays any concern. Whilst data protection reasons mean I can't share any information with Mr W, I don't think there was anything relating to the activity on the account that should have prompted Barclays to have any concerns or to have taken any further action.

Finally, I've considered Barclays' actions on receipt of notification of the scam from Mr W's bank. I have seen evidence to show that by the time Mr W's bank reported the scam to Barclays the majority of the funds he transferred to V had already been removed. So there was nothing Barclays could have done to protect Mr W's funds or prevent his loss. I'm satisfied that once it was notified of the scam Barclays took appropriate action.

Mr W has said that Barclays should have accepted a fraud claim directly from him, but this isn't possible, particularly given the number of scams reported and the need to keep customer information safe and secure. Banks follow a secure process to report and respond to scams. I'm satisfied that on receipt of a fraud claim from Mr W's bank Barclays acted promptly and took the steps I'd expect it to.

Mr W is right that Barclays has accepted its customer's account was used fraudulently but this doesn't mean that Barclays is liable to Mr W unless it failed in one of the areas listed above. I have explained why I don't consider Barclays did anything wrong.

Mr W has also said that Barclays should have traced his funds. I'm afraid it's not Barclays' responsibility to do so, but I'd expect Barclays to cooperate with the police if asked for information to pursue a criminal.

Whilst I'm sorry to disappoint Mr W, I can't reasonably hold Barclays liable for his loss.

My final decision

For the reasons stated, I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 6 February 2024.

Jay Hadfield
Ombudsman