

The complaint

A limited company 'S' complains that Barclays Bank UK Plc didn't do enough to prevent the loss it suffered when it sent money to a Barclays account as the result of a scam.

Mrs T is a director of S and brings the complaint on its behalf.

What happened

The detailed background to this complaint is well known to both parties. So, I'll only provide a brief overview of some of the key events here. On 9 June 2022 S sent a payment for \$43,831.10 from its own bank 'N' (which is based outside the UK). At the time S believed it was making a payment to settle an invoice. The payment arrived in a Barclays account where it credited as £34,284.94. S later realised that a scammer had used a very similar email address to who it expected the invoice from and that it had been tricked into making the payment.

S reported this to its own bank and also contacted Barclays. Barclays returned around \$8 that they'd been able to recover from the account. S complained to Barclays and wanted the rest of its money to be returned. But ultimately Barclays said they hadn't made any mistakes and declined to do more.

The matter was referred to our service and one of our Investigators didn't recommend the complaint should be upheld. In summary she didn't think Barclays had caused the loss. S still disagrees and has asked for an Ombudsman to review the complaint.

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 reached the same outcome as our Investigator and for largely the same reasons. I know this will be disappointing for S, so I'll explain why.

Whilst I accept that S has been the victim of a scam, that doesn't automatically entitle it to a refund from the bank that received its funds. It would only be fair and reasonable for me to direct Barclays to pay anything if I think they are responsible for causing the loss (or part of it) or hindering its recovery.

I'm satisfied that Barclays correctly followed its process when opening the account in question. There wasn't anything at that time where I think they reasonably could have known the account they were opening would later go on to be used in connection with a fraud or scam. So, I don't think Barclays could have prevented S' loss in relation to the opening of the account.

Mrs T has questioned why S' payment was credited to the account when the information included with the payment instruction showed it was intended for someone other than the accountholder. The relevant regulations (Payment Services Regulations 2017, PSRs), say that a payment is correctly processed if it goes to the unique identifier provided. The unique identifier is generally the sort code and account number or IBAN. There may be many customers with the same or similar names, but each account will have a unique number for the purposes of routing a payment. And Barclays weren't obliged to check any of the additional information provided with the payment instruction. So, whilst I understand the point Mrs T is making, in these circumstances, I can't say Barclays did anything wrong when processing the payment and applying it to the recipient account in line with the IBAN provided.

I've also seen the statements for the account that received S' payment since it was opened until after the money had been transferred out. And given the type of account and the way in which the money left it, I don't think this was so suspicious or indicative of potential fraud such that I'd have expected Barclays to have done more. So I don't think Barclays did anything wrong in relation to its monitoring of the account that caused S' loss.

And by the time Barclays were notified that S' payment had been made as a result of a scam, they were only able to recover around \$8 which has since been returned to S. I'm satisfied that this is all Barclays were able to recover at the time.

I'm of course sorry to hear that S has been the victim of a scam. But as I don't think Barclays are responsible for failures in relation to that loss, there isn't a reasonable basis upon which I can direct them to do more to resolve this complaint.

My final decision

For the reasons outlined above, my final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask S to accept or reject my decision before 17 October 2023.

Richard Annandale
Ombudsman