

The complaint

Mr W complains that Barclays Bank UK PLC ("Barclays") won't refund over £66,000 he lost to an investment scam.

What happened

Mr W fell victim to a cryptocurrency investment scam after seeing an advert on social media. He made enquiries and was encouraged by a scam broker to invest his money. Between December 2021 and February 2022, he made several debit card payments and bank transfers from his Barclays account to purchase cryptocurrency, which was subsequently forwarded on to the scammer, totalling over £66,000.

Mr W realised he had been scammed when he was asked to pay large sums to withdraw his profits. He reported the scam to Barclays who attempted to recover his funds. It raised chargeback disputes for the debit card payments, which were unsuccessful because Mr W paid money to his own accounts to purchase cryptocurrency.

In terms of the faster payments Mr W made, Barclays was able to recover some of the money he paid to his Swissborg account (which he could no longer access). A refund of £2,997 was credited to Mr W's account on 16 February 2022. Swissborg also returned an additional £8,078.50 on 11 March 2022, but it was paid into Barclays' sundry account, rather than going directly to Mr W. Barclays said it tried to resolve the issue with Swissborg but after six months it still hadn't reached a resolution, so it then paid the £8,078.50 directly to Mr W on 8 September 2022.

Mr W was also unhappy that Barclays initially gave a temporary credit of the debit card transactions which it later debited when the chargeback claims were unsuccessful. He said the bank hadn't told him it was only a temporary refund and Barclays accepted it had made an error by not informing him of this.

In order to settle Mr W's complaint, as well as paying the amounts recovered to Mr W, Barclays offered to refund 50% of his remaining loss to the scam (totalling £27,633.63), including 8% interest, as well as offering £200 compensation for the poor service Mr W received. It declined to refund 100% of his loss as it considered Mr W should share responsibility due to his lack of due diligence in researching the investment before parting with his money. Mr W didn't think this was fair, so he referred the matter to this service.

Our investigator partly upheld Mr W's complaint. She was satisfied Barclays hadn't acted unfairly by only offering a 50% refund as she thought it was reasonable to hold Mr W jointly responsible. But the investigator thought Barclays could have done more to pay the £8,078.50 held in its sundry account to Mr W sooner, so she said it should pay 8% simple interest on this amount from the date it received the money until the date it was eventually paid to his account. Barclays didn't respond, and Mr W disagreed, so the matter has been escalated to me to determine.

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 agree with the conclusions reached by the investigator and have decided to uphold it in part for the following reasons.

It isn't in dispute that Mr W has fallen victim to a scam here, nor that he authorised the payments he made via debit card and bank transfer. Barclays has also accepted that it could have prevented the scam, which is why it offered to refund 50% of Mr W's remaining loss. So, I don't intend to explore these points any further. What remains in dispute is whether Barclays' offer of settlement is fair and whether it was reasonable for it to only offer 50% in light of Mr W's own contributory negligence.

There's a general principle that consumers must take responsibility for their decisions. And I have duly considered whether Mr W should bear some responsibility by way of contributory negligence, which I'm satisfied he should in this case.

First, I don't consider Mr W carried out sufficient due diligence to ensure that the broker was genuine, as it doesn't appear he consulted any independent sources. Mr W confirmed to Barclays that he didn't complete any other checks or due diligence prior to parting with his money. And I can also see that there were warnings about the broker online at the time he chose to invest. So, if he had carried out a reasonable level of research, he could have discovered he was at risk of being scammed.

Mr W was also told by the scammer that his losses would be covered and that he had 'three chances' whereby he wouldn't risk losing anything. Cryptocurrency trading can be highly volatile and there is always a very real risk of losing money. And rarely will any legitimate investment opportunity be able to offer 'risk-free' trading. So, I think this ought to have appeared too good to be true and should have given Mr W cause for concern. However, he doesn't appear to have acted upon any such concerns to determine whether the things he was being promised were legitimate.

I can also see that Mr W wasn't entirely honest with Barclays when it spoke to him about the payments, as there were occasions where he told it that the investment had been recommended to him by friends, and that he had checked to make sure it was authorised by the FCA, which wasn't true. This would have given Barclays reassurance that he likely wasn't being scammed, meaning Mr W's actions potentially stopped the bank from being able to prevent any further loss.

Therefore, I'm satisfied that Mr W's actions and failure to question what he was being promised contributed to his loss, such that it would be fair and reasonable for him to share responsibility (50%) with Barclays. So, I don't think the bank has acted unfairly by refusing to refund more than this in these circumstances.

I've also thought about whether Barclays could have done more to recover the funds after Mr W reported the fraud. However, I can see that it raised chargeback disputes for all the debit card payments made, as well as reaching out the beneficiary banks to try and recover the money sent by bank transfer. The chargeback claims were successfully defended and, apart from the money Barclays was able to recover from Swissborg, it was told by the other receiving banks that no funds remained. So, I don't think there was anything further it could have done to recover the money Mr W lost.

I understand that Mr W is also unhappy with the way Barclays handled his fraud claim, as it

closed his investigation without telling him, and also didn't inform him that the credits applied to his account were only temporary. In this regard, I acknowledge that Barclays' service could have been better, and I appreciate there were delays in the bank finalising its investigation and settlement in response to the fraud claim raised. However, Barclays has offered £200 compensation in recognition of its poor handling of Mr W's claim which, overall, I'm satisfied is fair and in line with the sort of award our service would make in these circumstances. So, I won't be asking Barclays to pay any further compensation.

The only aspect of Barclays' settlement offer that *wouldn't* be considered fair is that it failed to pay 8% simple interest on the £8,078.50 that was held in the bank's sundry account. Barclays hasn't been able to show which guidelines it says it relied on that prevented it from paying these funds to Mr W directly, and I'm satisfied it ought reasonably to have taken action to pay the money to his own account much sooner than the six months it eventually took. Therefore, as a result of Barclays' actions (or inactions in this case), Mr W has been deprived of this money, so I'm satisfied it would be fair and reasonable for it to pay 8% simple interest on this amount from the date it received the funds from Swissborg until the date it was finally paid to Mr W.

My final decision

For the reasons given above, I uphold this complaint and direct Barclays Bank UK PLC to:

- Pay 8% simple interest per year on £8,078.50 from the date it received these funds into its sundry account until the date it was paid to Mr W.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 18 December 2023.

Jack Ferris
Ombudsman