

The complaint

Mr B has complained that Barclays Bank UK PLC won't refund the money he lost after falling victim to a scam.

What happened

In late 2022, Mr B was recommended a trading mentor by a family friend who said they'd made significant returns. He spoke to his family about it, then gave his details. He spoke with the trading mentor regularly and built a rapport, and says they had a professional-looking website and good reviews. But the trading mentor turned out to be a scammer.

The scammer convinced Mr B to take out a £15,000 loan, send the funds from Barclays to another account of Mr B's, then have the money sent onto the scammer. Later, when family members tried to withdraw their profits, they were told they needed to pay a fee. Mr B realised he'd been scammed.

Mr B reported the scam to Barclays. It wasn't possible for Barclays to recover the money. But they acknowledged they should've flagged the payments and refunded 50% of the loss, along with paying 8% simple interest and a further £150 compensation for the time they took to deal with the complaint.

Our investigator looked into things independently and thought Barclays had already resolved things fairly. Mr B 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.

I understand that Mr B fell victim to a scam, and so he has my sympathy. I appreciate this can't have been an easy time for him, and I appreciate why he feels that his money should be returned. It's worth keeping in mind that it's the scammer who's primarily responsible for what happened, and who really owes Mr B his money back. But I can only consider what Barclays did. Having carefully considered everything that both sides have said and provided, I think Barclays have already resolved things in a fair way. I'll explain why.

It's not in dispute that Mr B authorised the payments. So although he didn't intend the money to go to a scammer, under the Payment Services Regulations he is liable for the loss in the first instance. And broadly speaking, Barclays had an obligation to follow his instructions – the starting position in law is that banks are expected to process payments that a customer authorises them to make.

Barclays should have been on the lookout for payments which could be the result of fraud or scams, to help prevent them. And they accept that they should have flagged the payments involved here.

As our investigator explained, even if Barclays had asked reasonable probing questions or given Mr B scam warnings, it's difficult to definitively conclude that the scam would've been uncovered. After all, Mr B was introduced to the scammer by a trusted family friend rather than cold called. This family friend had supposedly already made good returns themselves. There were good reviews about the scammer online, and at that time, the regulatory warnings that exist now hadn't been issued yet. From what Mr B's sent of his contact, I've not seen any significant coercion by the scammer. And while, as Mr B's representatives pointed out, scam websites do often have a good online presence, so do legitimate websites. So a good online presence by no means necessitates that the website is a scam.

With that said, I do acknowledge that there were signs that this was potentially a scam, and so it's possible that Barclays could have prevented the loss by intervening. But even if I held Barclays responsible on that basis, I could not hold them solely responsible for the loss.

I would also need to carefully consider Mr B's role in what happened. And I'm afraid I think Mr B ought to have had more concerns along the way about what he was being asked to do. He took out a very large loan and spent it on high-risk investments based on the advice of an unverified, unregulated stranger he'd never met in person. I can't see that he carried out any substantial due diligence or took any qualified independent advice, and he doesn't appear to have been given any proper documentation. So I would still find that Mr B should bear 50% of the responsibility for the loss. And Barclays have already refunded 50% of the loss, plus the 8% simple interest that I would've awarded.

I understand that there was some delay in Barclays dealing with the scam case and the resulting complaint. I find that the £150 compensation they paid is fair to put that right.

I do appreciate why Mr B would like his legal costs covered. But we're a free service who resolve complaints informally in plain English – so there was no need to hire legal representatives to use us; that was Mr B's choice to do so. So I can't fairly tell Barclays to refund those fees.

Lastly, I've considered what Barclays did to try to recover Mr B's money. But as he sent the funds from Barclays to another account in his own name, I'm afraid there wasn't really anything more Barclays could do to help there.

My final decision

For the reasons I've explained, I find that Barclays Bank UK PLC have already resolved this matter fairly. I don't make any further award.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 1 January 2024.

Adam Charles
Ombudsman