

The complaint

Mr M is unhappy that Barclays Bank UK PLC won't reimburse £799 that he was deceived into paying to a scammer.

What happened

Mr M received a call from a person (the scammer) who claimed to be calling from an online business with whom Mr M held an account. The scammer explained that an unknown party was trying to fraudulently use his account and explained that Mr M needed to take steps to prevent this from happening.

The scammer told Mr M to download an app onto his phone, which Mr M did, and then instructed Mr M to take a series of steps which would protect his account. These steps included inputting a 'verification code' of 799, which Mr M did. However, by inputting this number, Mr M was in fact authorising a transfer of £799 from his Barclays account to the scammer. After the payment was completed, the scammer tried to instruct Mr M to complete the steps again, at which time Mr M realised he was in the process of being scammed and ended the call.

Mr M contacted Barclays and asked them to recover the £799 he'd lost. Barclays provided a temporary credit of £799 to Mr M while they investigated his claim. But Barclays concluded that Mr M had authorised the payment to the scammer and didn't feel that there was any action that they should have reasonably taken which might have prevented the scam from happening. Barclays also didn't feel it was possible to recover Mr M's money for him as he would like. Because of this, Barclays declined Mr M's claim and withdrew the temporary credit of £799 from his account. Mr M wasn't happy about this, and so he raised a complaint.

Barclays responded to Mr M and reiterated that they didn't feel they'd acted unfairly by processing the £799 transfer as per Mr M's instruction to do so. And Barclays also confirmed that because Mr M had transferred the money to a well-known money transfer company – from where it had been moved onwards to the scammer – that there weren't any avenues available to them to recover the £799. Mr M wasn't satisfied with Barclays' response, so he referred his complaint to this service.

One of our investigators looked at this complaint. But they didn't feel that Barclays had acted unfairly in how they'd managed the situation and so didn't uphold the complaint. Mr M remained dissatisfied, so the matter was escalated to an ombudsman for a final 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.

It seems clear to me that Mr M has been the victim of a scam here and has lost £799 as a result. And I can appreciate why Mr M would like Barclays to reimburse this £799 to him. However, I would only consider instructing Barclays to reimburse that money if I felt Barclays could and should have acted differently regarding the £799 payment that Mr M instructed. And if I

felt that any alternative action that Barclays should have taken would, in all likelihood, have led to Mr M realising that he was being scammed so that he didn't instruct the payment.

One of this service's first considerations in any complaint involving payments being made to a scammer is whether the person complaining about the scam authorised the payments that were being made. Mr M has said that he wasn't aware that he was making a payment and believed that he was inputting verification codes when in fact he was, unbeknownst to him, instructing a payment to the scammer.

But when Mr M spoke with our investigator about what happened, he explained that he was aware that what he was being asked to do seemed like a payment instruction. And in another call with our investigator, Mr M said that he was asked by the scammer to enter recipient account details for a payment, but that he wasn't told that any money would be leaving his account. Additionally, it's notable that Mr M questioned the scammer directly about the instructions he was receiving on several occasions, but then proceeded having received reassurance from the scammer that he wasn't being scammed.

In consideration of all these points, I'm not convinced that Mr M wasn't aware that he was instructing a payment as he contends here. And I also feel that Mr M reasonably should have been aware that he was instructing a payment, based on what he was being told to do and his own clear misgivings about the instructions he received from the scammer.

In broad terms, the starting position in law is that a bank is expected to process payments that a customer authorises – which as explained above I feel that Mr M did here. This is in accordance with the Payment Services Regulations and the terms and conditions of the customer's account. However, where the customer made the payment because of the actions of a fraudster, it may sometimes be fair and reasonable for the bank to reimburse the customer even though they authorised the payment.

For instance, banks have an obligation to have systems in place to monitor instructed transactions for instances of potential fraud. Such fraud prevention systems are used by all financial institutions, including Barclays, to flag account activity that may be of concern and to prevent further usage of an account where it's felt that there is a possibility that fraud may be potentially occurring. And so, I've thought about whether there was anything in the nature of the £799 payment instruction itself that should reasonably have alerted Barclays to the possibility that Mr M might have been in the process of being scammed.

There are several features of scams that are relatively common. These include that an unusually large amount of money is being sent to a potentially suspicious recipient, which can often empty the victim's account, leaving little or no money remaining in it.

In this instance, while the £799 payment was the largest payment from Mr M's bank account in the twelve months immediately preceding the payment, the payment was made to a well-known money transfer company. And given that it's not unusual for relatively large amounts of money to be sent to money transfer companies, I don't feel that Barclays should have considered the recipient of the payment to have been of concern. Additionally, the £799 payment didn't completely empty Mr M's account, which had over £1,200 remaining in it after the payment was made. And taking all these factors into consideration, I don't feel it was unreasonable for Barclays to have processed the £799 payment as per Mr M's instruction.

Barclays also looked at whether they could recovery Mr M's money via a chargeback claim. But for a chargeback claim to be successful, certain conditions as per the relevant chargeback scheme rules need to be met. And because the payment was deemed to have been made to a legitimate company (the money transfer company) which provided the

service requested of it, this meant the payment wouldn't qualify for a reimbursement under the relevant chargeback scheme rules. This seems reasonable to me, and I also don't feel that a chargeback claim for the £799 would have been successful as per the scheme rules.

Finally, I also feel that Mr M reasonably could and should have acted differently to how he did act here. This includes that Mr M could have ended the call and telephoned the company the scammer said they were calling from himself, using a phone number taken from that company's website, to confirm that the call was legitimate before making the payment. And I feel that this is especially the case given that Mr M has confirmed that he felt he might have been in the process of being scammed at several points during the call with the scammer.

Ultimately, for the reasons given above, I don't feel that Barclays did anything wrong or acted unfairly by processing the payment to the money transfer company as per the instruction they received from Mr M to do so. And it follows from this that I won't be upholding this complaint or instructing Barclays to take any action here.

This isn't to say that I don't sympathise with Mr M, and I hope that he's able to recover the money he's lost from those who took it from him. But it is to say that I don't feel that Barclays should fairly be considered accountable for Mr M losing the £799, and so shouldn't fairly be instructed to reimburse that money to him.

I realise this might not be the outcome Mr M was wanting. But I hope that he'll understand, given what I've explained, why I've made the final decision that I have here.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 25 October 2023.

Paul Cooper
Ombudsman