

The complaint

Mr V complains that Barclays Bank UK PLC is unfairly seeking repayment of a Bounce Back Loan (BBL). Mr V says the loan was taken out without his knowledge.

What happened

In 2018, Mr V was awarded a substantial sum of money in compensation for an injury. A trust was set up in 2019 to manage the funds with Mr V as a trustee.

In August 2020, there was a successful application in the name of the trust for a £48,500 BBL, and Barclays transferred the loan funds to the trust's bank account. Within a fortnight, Mr V transferred most of the funds to his personal account, and the remainder by the end of September 2020.

BBLs were designed to help businesses get finance more quickly if they were adversely affected by the coronavirus outbreak. Under a government-backed scheme, lenders could provide a loan with a six-year term for up to 25% of the customer's turnover, subject to a maximum of £50,000.

In November 2020, the bank posted copies of the BBL agreement and the direct debit agreement to Mr V.

In July 2021 onwards, letters were sent saying loan repayments were due to start from September 2021. In September 2021, Barclays wrote to explain that the trust had missed a repayment. Mr V complained to Barclays, saying he'd never taken out a BBL.

Mr V said that he'd previously purchased an expensive watch as an investment. Later, he needed funds and so he advertised the watch online for £55,000, and he accepted an offer of £48,500. Mr V said the buyer asked to pay the money to a business account for tax reasons, and in response Mr V said that while he didn't have a business account, he did have a trust account. The buyer asked for an authorisation code which was sent by the bank to Mr V's banking app. Mr V confirmed that he gave this code to the buyer, but he understood at the time that the buyer needed it to verify Mr V's account details. Mr V said he couldn't see the risk, as he hadn't revealed his password. Mr V pointed out that when the BBL funds were credited to the trust account, the statement entry didn't make it clear that it was a BBL – there was only a numerical reference.

Mr V told us that after the funds were credited to the trust account, a courier was sent to collect the watch and all its documentation.

Barclays said that after the BBL was taken out, it would have been clearly visible to Mr V in the banking app and couldn't have been missed when he made transactions on the trust account. Mr V has denied that he saw the BBL there. The bank also sent the BBL agreement and direct debit agreement to Mr V in the post, but he has said that he'd already spent the funds, so he didn't open or read any correspondence from Barclays. He has sent us photographs of unopened Barclays letters.

I issued a provisional decision in which I said I wasn't minded to uphold the complaint. For reasons that I summarise below, I thought the evidence didn't support a version of events in which a third party applied for the BBL without the knowledge or consent of Mr V, in order to trick Mr V into parting with a watch he owned.

Mr V disagreed with my conclusions. He made a number of points in response, which I also summarise below.

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.

Mr V's account of these events is that he offered his watch for sale online and the 'buyer' tricked Mr V into believing the payment for the watch had been made, when in fact the funds transferred into the trust account were the proceeds of a fraudulent BBL application in the name of the trust. Since then, Mr V has spent the money, and his trust now owes the BBL debt to the bank. Put simply, his complaint is that he no longer has the watch but the bank wants him to pay back the money he received.

Having looked at all the available evidence, I'm not persuaded that the BBL application happened without Mr V's knowledge or consent. Nor am I persuaded that there is sufficient evidence to show that Mr V owned and lost the watch. I'll explain why below.

Knowledge of the BBL application

From the IP address, ISP and device evidence, I can see that it's likely that the BBL application wasn't made by Mr V himself. However, this doesn't necessarily mean that the application was made without Mr V's knowledge or consent. In that respect, there is other evidence that I must take into account.

I've seen evidence from the bank that Mr V himself accessed the bank's BBL internet landing page four times in the days leading up to the BBL opening. Mr V said he knew nothing of the BBL application until long after it happened – but if that were the case, there would have been no reason for his visiting the BBL pages of Barclays' website before the loan was taken out. In response to my provisional decision, Mr V says he didn't go to the bank's BBL web pages. But I'm satisfied from the evidence that Mr V visited these pages on these days, which strongly indicates that he knew about the BBL application when it was made.

I also agree with the bank that its communications about the existence of the BBL were clear, and I think it likely Mr V was aware of them.

I've looked carefully at examples of the screenshots showing how the BBL appeared on the screen that a customer would see when they made a transaction on their bank account. In my view, this would have made it obvious to Mr V that there was a BBL when he made online transfers of the trust funds to his personal account.

I also note that the bank posted full details of the BBL and direct debit to Mr V in November 2020. Mr V says he didn't open the envelopes. He says he assumed that, as the trust account was empty by that time, it was junk mail. But I'm not persuaded that Mr V would selectively ignore letters from the bank in this way.

Given the clarity and amount of information given to Mr V about the BBL from August 2020 onwards, I'm not persuaded that Mr V would have failed to see that information.

Mr V says that Barclays shouldn't have given a BBL to a trust, and if it had refused to do so, then the fraud wouldn't have happened. But the bank has pointed out that there were no restrictions in the rules of the BBL scheme regarding the type of entity that could apply. The loan had to be for business purposes, as declared by the borrower, but the lender was not required to verify that. I therefore don't think the bank acted unfairly or unreasonably in agreeing the application for the BBL.

Ownership of the watch

Mr V said he bought the watch with cash in 2019, but I've seen no convincing evidence of his purchase or ownership of the watch, and no evidence to show where the cash came from.

Mr V has provided no copies of any receipt, email or other documentation showing proof of ownership. He said he gave all the papers to the buyer in 2020, when the courier picked up the watch.

Mr V has provided photos of the watch, some showing it on his wrist, and in its box. I have no reason to doubt that he was photographed with the watch. I have also seen a copy of the advert that he posted online, which showed the watch. But none of this is proof of Mr V's purchase and ownership of the watch.

A third party emailed this service in February 2023 to say that their jewellery firm sold the watch to Mr V. The email said *"Mr [V] paid in cash which isn't unusual for us. I cant be certain on price if I recall correctly was in the region of 57,000 Euros which was paid in GBP. I sold it as a trade cash sale to Mr [V]."* But I'm not persuaded that the email is evidence of Mr V's purchase. The email was accompanied by no receipt or any other contemporaneous evidence of the sale. Moreover, the email gave no geographical address and no web URL address for the jewellers, and a web search gives no results for their name. Mr V says the jeweller no longer operates in the UK, but I would still expect there to be some evidence of the jeweller having traded in this country. Mr V argues that we should have carried out more investigation to identify the jeweller. But without anything to authenticate any brand or trading activity on the part of the sender, I don't think I can rely on this email as proof of purchase from a jeweller.

I've seen no satisfactory evidence to show how Mr V obtained the cash to purchase the watch. Mr V hasn't shown us any cash withdrawal he made from the trust account or any other account for this purpose. I'm aware of a transfer of £14,740 in February 2019 to another person's account, but that was to pay for a car. There was also a transfer of £19,000 in April 2021, but that was long after the date of the watch purchase.

Mr V has said he had cash at home from going to the casino. I accept that Mr V did gamble. But Mr V told us that he bought the watch as an investment asset with over £40,000 from his trust funds, in order that he wouldn't spend all the money. The suggestion that the cash used to buy the watch came from a casino seems to me to be at odds with this explanation.

Mr V says he went to the casino and bookmakers many times and took his winnings in cash, but couldn't return the funds to his account because it was a trust account, so he had no choice but to keep the money in cash. But Mr V had other bank accounts and I'm therefore not persuaded that he would have been forced to keep so much money in cash. The fact remains that there is no documentary evidence of the source of the cash for the watch purchase.

Mr V has said he would have a further look through his statements. But we've received no further evidence about the source of the cash.

I should also add that no receipt, email or other evidence has been provided for the transfer of the watch to the buyer in 2020 following the online sale.

Given the very high value of the watch, which Mr V says he bought as an investment, I find it significant that Mr V has been unable to provide copies of any receipts, documents or emails from either its purchase or its sale, and that the origin of the cash for its purchase remains undocumented. In my view, there is insufficient evidence to support Mr V's version of events regarding the purchase and sale of the watch. This is important because it means that I'm not persuaded that the evidence, as it stands, shows that Mr V has suffered the loss of a watch.

Throughout this complaint Mr V has put his case vigorously, maintaining that he has suffered a substantial loss at the hands of a fraudster. But I couldn't fairly or reasonably require the bank to compensate Mr V by absorbing the BBL debt when there is, in my view, so little contemporaneous evidence of the loss.

In any event, even if I were satisfied that Mr V had owned the watch and had then passed it to a new owner, I still wouldn't uphold this complaint, because I'm not persuaded that the BBL was taken out without Mr V's knowledge or consent, for the reasons given above.

Mr V's vulnerability

As a result of his injury, Mr V has a physical disability and a number of other vulnerabilities, including short-term memory issues. Barclays has said it tried to obtain details of reasonable adjustments that Mr V would want to support him, but was unable to do so.

In reaching my decision, I've considered whether adjustments by the bank could have changed the outcome. If my decision turned on the matter of negligence in giving away the security code, then the issue of adjustments might have had a bearing on the outcome. But, in my view, negligence isn't the issue here. The reason why I'm not upholding the complaint is that I'm not persuaded either that the BBL application was made without Mr V's knowledge or consent, or that Mr V bought and sold the watch. I don't think any findings I might make on the bank's actions regarding Mr V's vulnerability would make any difference to those conclusions.

In conclusion

Taken all together, the evidence doesn't, in my view, support a version of events in which a third party applied for the BBL without the knowledge or consent of Mr V, in order to trick Mr V into parting with a watch he owned.

My final decision

For the above reasons, my final decision is that I don't think Barclays Bank UK PLC has acted unfairly or unreasonably by seeking repayment of the BBL. I therefore don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr V to accept or reject my decision before 27 October 2023.

Colin Brown
Ombudsman