

The complaint

H, a company, complains that Barclays Bank UK Plc were unreasonable in declining to refund transactions from their account they say they didn't agree to. They'd like the money refunded.

What happened

H is represented by the two partners in the company, Mr S and Mrs S. Both have access to H's account with Barclays. In August 2022 there were several withdrawals from H's account to Mr S' accounts. There was £2,000 on 3 August, two sets of £5,000 on 4 August, and two for £6,000 and £460 on 8 August. The transfers were made using a newly registered mobile device. These funds were then withdrawn from his personal account as a mixture of cash and card transactions.

H say they asked for the account to be blocked on 4 August, but Barclays didn't do so. Barclays declined to refund the money taken, saying that to set up the new device would have needed Mr S' online banking details, as we all their genuine card and PIN. They didn't think they should be liable for refunding the money.

Unhappy with that outcome the complaint was sent to our service. Our investigator didn't think Barclays needed to do anything further – reasoning that there wasn't any plausible explanation as to how the transfers took place without the involvement of Mr S. They also couldn't see a request from H to Barclays to block the account.

H disagreed with that and submitted further evidence, saying they were nowhere near the transaction that took place. They sent in screenshots they say showed they'd asked for the account to be blocked. But this didn't change the investigators mind. As such the complaint has 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.

To be clear, this decision only deals with the transactions out of H's business account. Our service has already dealt with a complaint about the use of the funds in the partner's personal accounts. We have already issued a final decision on that case – which is our final say on the matter, so I wouldn't look to revisit the issue of the withdrawals from Mr S' account.

What this decision will focus on is the transfers out of H's account. The relevant rules that govern payments from an account are the Payment Services Regulations 2017 (PSRs). These say that in general a bank should only make a payment out of an account if it has been authorised by the payer – as in they've agreed for the payment to be made or allowed someone else to transact on their behalf.

If the payment hasn't been authorised then the bank can only hold them liable in limited circumstances – such as if they've not kept their personalised security credentials secure, either intentionally or with gross negligence.

In this case the evidence shows me the new device was set up on Mr S' customer profile on 1 August 2022. This gave this device access to Mr S' personal accounts, as well as H's. To set up this device, the person doing it would have needed his online banking login details, as well as use of the PIN Sentry machine – which would require the genuine card and PIN to be used. And we know the actual withdrawals from Mr S' personal account would also have required his personal card and PIN to be used. This device also appears to be registered to Mr S' known phone number.

I've taken in to account the information Mrs S has sent us about their locations at the time, and the discussions with Barclays. I can see Mrs S asked for the first transaction to be checked on 3 August, and then later says Mr S is dealing with it in branch. But I can't see a specific request to block the use of the account.

Mr S told Barclays on 4 August that he still had his debit card. But when reporting the transactions Mr S said he lost his debit card on 3 August – although I also note from the call recordings and contact notes available, he also told the bank his wife was using his card elsewhere in the country. So, there has been contradictory information supplied by the partners in H.

I note that the £2,000 transferred on 3 August was transferred back into H's account the next day. This would seem very unusual for an unknown third party fraudster to do. Likewise, the money is taken over several days, and spent through Mr S' personal account. Had it been some unknown fraudster I may expect them to empty the account more rapidly than this. So, I can't reasonably see how this would be the work of an unknown third party.

Given the amount of information required to set up the new device, that only Mr S should've known, it would seem more likely than not he allowed this device to be set up. It's possible he may not have intended for access to be given to H's account, but he ought reasonably to have been aware this was likely.

The only reasonable conclusions I can reach is that Mr S authorised someone else to transact on H's account, or intentionally gave them the security information which then allowed them to do so. In either eventuality, the PSRs don't hold Barclays liable for refunding the transactions to H's accounts. Therefore, it's not unreasonable for the bank to decline to refund H.

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 H to accept or reject my decision before 26 March 2024.

Thom Bennett
Ombudsman