

The complaint

Mrs S complains that Barclays Bank UK PLC did not reimburse all of the funds she lost as part of a scam.

What happened

Mrs S was introduced to an investment opportunity through an online friend she had known since 2016. The investment was with a company I'll call 'C' for the purposes of this decision. Mrs S was convinced to invest and open her own cryptocurrency wallet to fund the investment.

She was able to make some token withdrawals and was encouraged to invite her friends and family to join as her team members, which would allow her to increase in levels and earn higher levels of returns. Unfortunately, this turned out to be a scam and Mrs S realised this when the app disappeared, and she was no longer able to access her funds. Mrs S made the following transfers from her Barclays account:

Date	Amount
11/10/2023	£50.00
13/10/2023	£300.00
23/10/2023	£115.00
26/10/2023	+£110.05
27/10/2023	£600.00
03/11/2023	£70.00
04/11/2023	£5.00
05/11/2023	£50.00
09/11/2023	+£386.69
11/11/2023	£518.00
15/11/2023	£173.00
16/11/2023	£750.00
17/11/2023	£433.00
17/11/2023	£865.00
17/11/2023	£50.00
20/11/2023	£2,800.00
20/11/2023	£500.00
20/11/2023	£1,400.00
20/11/2023	£1,370.00
28/11/2023	+£39.53
21/11/2023	£250.00

Mrs S raised a scam claim with Barclays who initially did not uphold her complaint. However, Mrs S appealed the decision and asked them to reconsider. When they did, Barclays agreed they should have intervened on the payment of £433, as the general payment activity was unusual from that point onwards. So, they agreed to reimburse all of the payments from that point on. However, they felt a reduction in the redress of 50% was reasonable, to account for Mrs S's contribution to the loss. They also paid £27.22 in interest and £50 compensation for needing to overturn the decision.

Mrs S felt she should receive full reimbursement, so referred the complaint to our service. Our Investigator looked into it and agreed with the point of intervention that Barclays had identified. They also felt it was reasonable that Barclays reduced the refund by 50%, as they felt Mrs S could have taken steps to protect herself from the scam, considering the negative information about C online, amongst other points.

Mrs S disagreed with the outcome. In summary, she disputed Barclays comments that the friend who introduced her was only an online friend so was not therefore a trusted friend. Mrs S also highlighted that her sister, who she had referred to the investment, had received a full refund from Barclays. Finally, she pointed out that she had raised concerns with the admins from C, but their answers had appeased her, and she was able to withdraw funds from the platform, so she thought it was reasonable that she thought it was genuine.

As an informal agreement could not be reached, the complaint has been passed to me 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.

In deciding what's fair and reasonable in all the circumstances of a complaint, I'm required to take into account relevant: law and regulations; regulators' rules, guidance and standards; codes of practice; and, where appropriate, what I consider to be good industry practice at the time.

Broadly speaking, the starting position in law is that an account provider is expected to process payments and withdrawals that a customer authorises it to make, in accordance with the terms and conditions of the account. And a customer will then be responsible for the transactions that they have authorised.

It's not in dispute here that Mrs S authorised the payments in question as she believed they were part of a legitimate investment. So, while I recognise that she didn't intend the money to go to scammers, the starting position in law is that Barclays was obliged to follow Mrs S's instruction and process the payments. Because of this, she is not automatically entitled to a refund.

The regulatory landscape, along with good industry practice, also sets out a requirement for account providers to protect their customers from fraud and financial harm. And this includes monitoring accounts to look out for activity that might suggest a customer was at risk of financial harm, intervening in unusual or out of character transactions and trying to prevent customers falling victims to scams. So, I've also thought about whether Barclays did enough to try to keep Mrs S's account safe.

Barclays have said they should have intervened at the payment of £455 on 17 November 2023. Looking at the payments up to this point, I think they were of a relatively low value, and did not appear to be out of character when compared to the genuine account activity. While the payment of £455 was also of a low value, I can see there had been a steady increase in the pattern of payments to a known cryptocurrency provider, so on balance I think it was reasonable for Barclays to uphold Mrs S's complaint from this point.

I've gone on to consider whether or not Mrs S should reasonably bear some responsibility for the losses as a result of any negligence in her actions and if it is therefore reasonable for me to make a reduction in the award based on this. In doing so, I've considered whether Mrs S has acted as a reasonable person would to protect herself against the loss she suffered.

The test is objective but needs to take account of the relevant circumstances.

I've firstly considered that Mrs S was introduced to the investment by someone she knew. I appreciate that she has said she knew this person since 2016, but I'm also aware this person was known only as an online friend, and they had never met in person. This adds a layer of complexity to the situation, as it is difficult for me to know what kind of relationship they have and how much Mrs S trusts the individual. Because of this, I don't think I can place much weight on the fact Mrs S was introduced to the investment. I want to make it clear that I don't want to take away from the fact Mrs S clearly has some form of relationship with this individual. But I don't think this means I can safely say she should have seen this as a trusted investment opportunity.

I've gone on to consider the circumstances of the investment. I can see that Mrs S had been added to a group chat, and she was also speaking with a number of 'admins' in the group. As part of the investment, she was encouraged to invite friends and family in, and the more she invited the more returns she could have access to.

In the chats, I can see a number of concerning messages. Firstly, in the group chat there are a number of individuals who mention the investment feels 'too good to be true' and that they have concerns the special events were not legitimate and that after the event the investment would end, seemingly with their funds being taken. In addition to this, I can see Mrs S found an article online which said a complaint had been filed with authorities overseas claiming C was fraudulent. While the article says the claims cannot be verified, it goes on to urge consumers to exercise extreme caution before responding to solicitation offering investments. Mrs S asked the admins about the article, but they pointed out no claims could be verified, so she did not question it further.

In other messages, Mrs S mentioned that she had seen reviews and videos online claiming that C was a scam. And she raised that her sister had concerns the address and business details listed online for C did not exist. Again, the admins explained the address online was just a posting address and assured her the details were correct.

While I agree Mrs S did raise these concerns with the admins, I have to consider if she acted as a reasonable person would in the circumstances to protect herself. She had located an online article setting out complaints had been received about C, as well as negative reviews and videos claiming it was a scam. There were multiple members in the group claiming the investment was too good to be true and Mrs S has said others were quickly deleted when expressing they felt it was a scam. And other family members she told about C had reservations it was not genuine, and she also had reservations in late October 2023.

On balance, I think that this was enough to say she could have taken steps to mitigate her loss in the circumstances. I appreciate she was able to make token withdrawals, but I don't think this overtakes the points raised above. And I note these credits were low in comparison to the amounts she had sent out so far to C. With this in mind, I agree it is reasonable for Barclays to reduce the reimbursement by 50% to account for Mrs S's contribution to the loss.

I can see Barclays has paid Mrs S £50 for initially not upholding her complaint. I understand this must have been distressing and inconvenient for Mrs S to have to appeal, and on balance I think the £50 paid to compensate her for this is in line with what I would have recommended in the circumstances.

I do appreciate Mrs S's frustration that Barclays have fully refunded her sister for payments she made to the same scam. However, I am only able to consider Mrs S's complaint and its merits. And having done so, I think that what Barclays has done so far to remedy her complaint, that is to refund 50% of the loss from the payment of £455 onwards, as well as

8% interest and £50 compensation, is fair in the circumstances.

My final decision

I think what Barclays Bank UK PLC has done so far to remedy Mrs S's complaint is fair and I do not direct it to take further action.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs S to accept or reject my decision before 1 April 2025.

Rebecca Norris
Ombudsman