

## **The complaint**

Mr A complains that Barclays Bank UK PLC won't refund the money he lost when he was the victim of what he feels was a scam.

## **What happened**

In mid-2018, Mr A was contacted by an investment company that told him about an opportunity to invest in a property development company. Mr A says he was told the investment would be a reliable way to grow his money, so agreed to take out a loan note with the property development company. Mr A made a payment of £10,000 from his Barclays account to fund the investment, and was told he would receive his money back and a fixed-rate of interest at the end of the two-year term.

Unfortunately, at the end of the two-year term, Mr A didn't receive any interest payments or his initial investment back. He then says he started to hear about potential problems with the property development company and ultimately reported the payment he had made to Barclays as a scam.

Barclays investigated but said it didn't think this was a scam, as Mr A had made the payment to a legitimate company and been sold the investment by a registered company. It also didn't think the scam would have been uncovered if it had asked Mr A about the payment at the time. So it didn't agree to refund the payment Mr A had made. Mr A wasn't satisfied with Barclays' response, so referred a complaint to our service.

One of our investigators looked at the complaint but didn't think there was anything Barclays could have done at the time that would've uncovered the scam. So they didn't think Barclays should have to refund the payment Mr A made. Mr A disagreed with our investigator, so the complaint has been passed to me.

## **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.

Barclays has argued the property development company Mr A made the payment to wasn't operating a scam, and so it isn't responsible for refunding the money he lost. But, even if this was a scam, I don't think it would be fair and reasonable to require Barclays to refund the payment Mr A made here. I'll explain why below.

Banks are expected to make payments in line with their customers' instructions. And Mr A accepts he made the payment here. So while I recognise he now feels he has been the victim of a scam, he did authorise the payment. And so the starting position in law is that Barclays was obliged to follow his instruction and make the payment. So Mr A isn't automatically entitled to a refund.

The regulatory landscape, along with good industry practice, sets out requirements for banks to protect their customers from fraud and financial harm. So, in line with this, I think Barclays should fairly and reasonably:

- Have been monitoring accounts and any payments made or received to counter various risks, including anti-money laundering, countering the financing of terrorism, and preventing fraud and scams.
- Have had systems in place to look out for unusual transactions or other signs that might indicate that its customers were at risk of fraud (among other things). This is particularly so given the increase in sophisticated fraud and scams in recent years, which banks are generally more familiar with than the average customer.
- In some circumstances, irrespective of the payment channel used, have taken additional steps, or made additional checks, before processing a payment, or in some cases declined to make a payment altogether, to help protect customers from the possibility of financial harm from fraud.

But even if Barclays had identified that Mr A was potentially at risk of financial harm as a result of the payment he made, and carried out the level of checks I would expect it to have done to address this risk, I don't think it would have uncovered significant concerns.

In these circumstances and given the size of the payment Mr A was making, I think it would be reasonable to expect Barclays' checks to include questions about the purpose of the payment and then relevant follow-up questions about the investment Mr A thought he was making and what checks he had done to satisfy himself it was genuine.

Mr A thought he was providing a loan to the property development company, where he would provide capital and the company would pay him interest each year and return his capital at the end of the loan term. And as this is a fairly standard format of investment, I don't think this will have seemed particularly suspicious to Barclays. The returns Mr A had been told he would receive also seemed plausible and weren't too good to be true, so I don't think these would have caused Barclays any concerns either.

At the time, the property development company had seemingly been operating successfully for a number of years. The investment company who introduced Mr A to the investment had been listed on the government's register of limited companies and filed accounts for a number of years. And the payment Mr A was making was being sent to a genuine payment services company. So if Barclays had suggested Mr A carry out further checks into these companies, I think this would have reassured both him and Barclays that the investment was genuine.

Mr A has also sent us copies of the correspondence he had with the investment company, and the documents and loan agreement he received from the property development company. And I think these all looked relatively professional and legitimate. So, if Barclays had asked to see any paperwork associated with the investment, Mr A would have been able to provide this and I don't think it would have caused Barclays any concern.

And so if Barclays had carried out the checks I would've expected when Mr A tried to make this payment, I think it would have been satisfied with the information it was given and I don't think anything it was told or shown would've caused it significant concern. Based on the information I would have expected it to uncover at the time, I think this would have looked like a genuine investment to Barclays. And so I wouldn't have expected it to stop Mr A making the payment.

While new information may subsequently come to light which suggests the property management company was operating a scam, any such information wouldn't have been available to Barclays at the time of the payment. And I wouldn't have expected Barclays' checks to go into any further detail than I've set out above. So I don't think any new information would mean Barclays had acted unreasonably in allowing the payment to go through either.

I sympathise with the position Mr A has found himself in and I appreciate that he has lost a significant amount of money. I'm also in no way saying he did anything wrong himself or that he doesn't have a legitimate grievance against the property development company. But I can only look at Barclays' responsibilities and, for the reasons I've set out above, I don't think Barclays acted unreasonably in allowing the payment he made to go through or that anything I would reasonably have expected it to have done would have stopped him making the investment.

I therefore don't think it would be fair to require Barclays to refund the payment Mr A made.

### **My final decision**

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 2 August 2024.

Alan Millward  
**Ombudsman**