

The complaint

Mr C complains that Barclays Bank UK PLC (“Barclays”) won’t refund money he lost when he fell victim to an investment scam.

Mr C is being represented by solicitors in this complaint.

What happened

The detailed background to this complaint is well known to both parties. The facts about what happened aren’t in dispute, so I’ll focus on giving my reasons for my decision.

The complaint concerns seven faster payments totalling just over £10,800 which Mr C made from his Barclays account in February 2021. These were made in connection with an investment opportunity with a company “P” that he was introduced to by an individual he met on an online dating site in December 2020. Mr C states he got to the individual better, who shared their experience in making money from investing. He was eventually persuaded in giving it a go himself.

Mr C bought cryptocurrency from “X” and made faster payments from his Barclays account. The cryptocurrency was then deposited into his account with P. Some of the cryptocurrency was lent to the individual he had befriended. It was when the individual asked to borrow more cryptocurrency so that they could release some of their holdings to repay Mr C that he realised he’d been scammed.

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.

I’d like to start by thanking both Mr C and Barclays for their patience while this complaint has been awaiting an ombudsman’s review.

I’m sorry to hear about the impact this incident has had on Mr C. I don’t doubt that this has been a difficult period for him.

I’d like to reassure Mr C and Barclays that although I’ve only summarised the background above, so not everything that’s happened or has been argued is detailed, I have read and considered their submissions in their entirety.

Having done so, I agree with the conclusions reached by the investigator. I’ll explain why.

Under the Payment Services Regulations 2017 (PSR) and in accordance with general banking terms and conditions, banks should execute an authorised payment instruction without undue delay. The starting position is that liability for an authorised payment rests with the payer, even where they are duped into making that payment. There’s no dispute that Mr C made the payments, and so they are considered authorised.

But in accordance with the law, regulations and good industry practice, a bank should be on the look-out for and protect its customers against the risk of fraud and scams so far as is reasonably possible. If it fails to act on information which ought reasonably to alert a prudent banker to potential fraud or financial crime, it might be liable for losses incurred by its customer as a result.

Mr C's representative submits that the disputed transactions were unusual for his account and ought to have alerted Barclays that he might be at the risk of financial harm from fraud. The representative submits that X was a new payee and related to cryptocurrency. Also, there were multiple payments on the same day. And the payment method was unusual for Mr C.

I understand the points Mr C's representative are trying to make. But I don't agree that an intervention was warranted at any point. I've looked at the operation of Mr C's account and although he mostly used his card to make payments or withdraw cash, the fact that he also made a series of faster payments over a period of four weeks isn't in and of itself suspicious activity.

Also, I don't consider the individual transactions in dispute were unusual such that I think Barclays ought to have had cause for concern and taken additional steps to establish whether there was a heightened risk of financial harm due to fraud. The transactions weren't for an unusually large amount. I accept Mr C made multiple payments in one day. But thinking about the frequency and the value of the payments, I don't consider the activity to be *that* unusual such that I think Barclays should have intervened.

Mr C's representative submit that the transactions were cryptocurrency related. It's arguable whether Barclays would have known that, given these were faster payments and not card payments (where a bank would have greater information about the merchant). Regardless, I think it's important to mention that the transactions happened in the beginning of 2021. While investment scams involving cryptocurrency existed then as well, the industry's knowledge of, and the proportionate response to them, has evolved over time. When deciding this case, I must consider what was expected from Barclays in 2021, not in 2024.

Having thought about this carefully, I haven't seen any other factors at play here such that, in my view, Barclays should have been concerned and ought to have intervened before processing the transactions.

What this means is that in the circumstances of this case, I don't consider Barclays acted unfairly in executing the payment instructions it received from Mr C. It follows that I don't find it liable for his financial loss.

My final decision

For the reasons given, my final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 12 December 2024.

Gagandeep Singh
Ombudsman