

The complaint

Mr C, via a representative, complains that Barclays Bank UK PLC (“Barclays”) have failed to refund the money he lost as part of an investment scam.

What happened

The details of this complaint are well known to both parties, so I will not repeat everything again here. Instead, I will focus on giving the reasons for my decision.

In summary though, Mr C was introduced via a friend to two companies that purported to be crypto trading firms. I will call these firms B and D.

Mr C then made over 10 transactions via bank transfer and debit card payment to crypto exchanges between July 2023 and September 2023. These funds were then converted into crypto and were then sent to B and D.

When Mr C attempted to withdraw the profit that he could see on both ‘platforms’, he was told that he had to pay additional fees. Mr C then realised that he had been scammed by both companies.

Mr C asked Barclays to refund these payments, as he believes Barclays should have done more to prevent him from being scammed in the first place. Barclays did not agree with this.

One of our investigators looked into this matter and he thought that, given the answers Mr C gave during calls with Barclays when it did intervene, any further intervention from Barclays would not have stopped the scam. He therefore did not uphold this complaint.

Mr C did not agree with this and therefore his complaint has been passed to me to issue a 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.

Having done so, I agree with the conclusions reached by the investigator for the following reasons.

It isn’t in dispute that Mr C authorised the disputed payments he made from his Barclays account. The payments were requested by him using his legitimate security credentials provided by Barclays, and the starting position is that Barclays ought to follow the instructions given by their customers in order for legitimate payments to be made as instructed.

However, I’ve considered whether Barclays should have done more to prevent Mr C from falling victim to the scam, as there are some situations in which it should reasonably have had a closer look at the circumstances surrounding a particular transaction. For example, if it was particularly out of character.

Barclays intervened early in the scam in July 2023 and gave numerous warnings that what Mr C was trying to do sounded like a scam. He was told that a company offering guaranteed profits was likely a scam and that if any company asks you to lie to a bank then they are scammers. Despite this Mr C continued making payments. I can see in the scam chat that Mr C says he was told on numerous occasions by banks he was using to make the payments that he was being scammed. But each time he is persuaded by B and D to make further payments.

In a further intervention on 3 and 4 September a payment is blocked and Mr C is told to attend a branch with ID. During this branch visit Mr C speaks to Barclays' fraud team and is explicitly told that what he was doing was 99% certain to be a scam. The member of staff goes on to describe that he will not be able to withdraw his profits and will be strung along and asked to make payments for various fees and will not get his money back. Mr C acknowledges this and says he is aware of this. Yet despite this, he then sent further funds to the scammers in the most part, from his other current account provider.

I also can see that in the scam chat Mr C was provided with coaching as to how to answer questions from the bank.

So, I think it likely had Barclays intervened more than it did and asked even more probing questions, Mr C would have either given answers designed to allay the suspicions of Barclays as suggested by one of the scammers in the scam chat or had he given accurate answers he would likely have ignored any scam warning. Also I think that had Barclays stopped the payments completely, Mr C would have sent payments via other means. This is demonstrated to me, by Mr C changing account providers from Barclays to his other account provider that he was sending the funds from.

Taking everything into consideration, I think that Barclays should have intervened more than it did but even had it intervened further, I don't think the scam would have been stopped.

I've also thought about whether Barclays could have done more to recover the funds after Mr C reported the fraud.

Barclays are under no obligation to refund the money to Mr C under the Contingent Reimbursement Model (CRM) Code. This is because the Code does not apply to transfers which the payer has effectively made to themselves. In relation to the debit card payments, they seem to have been made as a means to purchase crypto which he duly received. So overall as he got essentially what he had paid for (as the loss only occurred once the crypto was transferred out of Mr C's wallet), I don't think that Barclays could have challenged the payments.

I appreciate this will likely come as a disappointment to Mr C, and I'm sorry to hear he has been the victim of a cruel scam. However, I'm not persuaded that Barclays can fairly or reasonably be held liable for his loss in these circumstances.

My final decision

For the reasons given above, I do not 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 25 December 2024.

Charlie Newton
Ombudsman