

Investigation Outcome – Dr J Graham v Barclays Bank UK PLC

PNX-4517191-Z6Q1

29 November 2022

The Complaint

Dr Graham (C) is unhappy Barclays Bank UK PLC (B) allowed a cheque payable to C to be paid to one of its accounts, leading to substantial loss. B declined to refund C her loss as it said it hadn't made any errors in allowing the cheque to be paid.

The Outcome

I find B made an error in allowing the cheque to be paid. I accept B hadn't made any errors with its account opening or change in account name. But I believe B had been negligent in not flagging suspicious activity which could've prevented C's loss. As such, I'm recommending B refund C her lost funds along with 8% interest calculated from the date the disputed funds debited the account to the date of settlement.

The Key Points

- B correctly followed its internal policies and received the appropriate identification & documentation to open the account and process the subsequent change in name. It's important to note that it's not the ombudsman's role to comment on a business's operational processes. If C believes B's procedures aren't fit for purpose or are open to fraud, those concerns are something C would need to refer to the regulator, The Financial Conduct Authority.
- However, banks will have fraud and anti-money laundering processes in place to spot unusual activity including large credits and I believe this should've reasonably stood out for further review. The account was opened with very little activity taking place followed by an unexpected and uncharacteristic large credit. The value alone of £40,000 is greatly uncharacteristic of the account. But coupled together with the change in name to that of a different ethnicity two days prior, should've prompted further review. This would've shown the cheque was written in C's name after the fraudulent account had already been opened in the existing name. It's also apparent the deed confirming name change is dated after the cheque was written and the cheque paid in two days after the person updated their name on the account. I believe there was enough grounds for suspicion for B to request proof of entitlement.

This is the opinion of **Investigator Shaiful Islam**. If both parties accept, they must tell us by 13 December 2022 and the complaint will be resolved as above. If either party disagrees and wants an Ombudsman to consider the case, they must inform us – and submit any further evidence or representations – by 13 December 2022. If I don't hear from Barclays Bank UK PLC by then, I'll arrange for an Ombudsman to determine the complaint. Requests for more time must also be made by that date. More details on how the Financial Ombudsman Service makes decisions can be found [here](#). It may take a few months for a case to reach an Ombudsman.