

The complaint

Mrs W complains that Barclays Bank UK PLC ('Barclays') won't refund money she says was lost as the result of an investment scam.

What happened

The background to this complaint isn't in dispute, so I'll provide a brief summary.

In 2018, Mrs W entered into an investment with a company I'll refer to as P. P was offering loan notes on various property developments. Mrs W says she was introduced to the investment by someone who worked for a private investment company and was told she would receive an annual return.

Mrs W made the following payments from her Barclays account.

Date	Details of transaction	Amount
17.7.2018	Bank transfer to H1	£2,000
18.7.2018	Bank transfer to H1	£2,000
18.7.2018	Bank transfer to H1	£2,000
19.7.2018	Bank transfer to H1	£2,000
19.7.2018	Bank transfer to H1	£2,000
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19.7.2018	Bank transfer to H1	£2,000
19.7.2018	Bank transfer to H1	£2,000
19.7.2018	Bank transfer to H1	£2,000
20.7.2018	Bank transfer to H1	£1,000
20.7.2018	Bank transfer to H1	£2,000
20.7.2018	Bank transfer to H1	£2,000
30.1.2019	Bank transfer to H2	£50,000

P entered into administration in January 2022, and then into liquidation.

Mrs W hasn't been able to recover her investment.

Mrs W, through a professional representative, raised a fraud claim with Barclays in February 2024. Barclays investigated Mrs W's claim but declined to refund her saying they weren't at fault.

Mrs W wasn't happy with Barclays' response, so she brought a complaint to our service.

An investigator looked into Mrs W's complaint but didn't recommend that Barclays refund her. The investigator felt P was a legitimate investment that failed, and if Barclays had intervened the loss couldn't have been prevented.

Mrs W's representative disagreed with the investigator's opinion and provided a substantive response. A lot of the points they raised weren't specific to Mrs W's case and her circumstances.

Mrs W asked for an ombudsman to review her case.

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 reassure Mrs W that I have carefully reviewed and considered all of the evidence that she has provided, as well her responses to the investigator's view. But I've focused my decision on what I consider to be the crux of the complaint, the answer I've reached and how I've reached it.

All of Mrs W's payments were made prior to the introduction of the Contingent Reimbursement Model Code (CRM Code) on 28 May 2019. The CRM Code can't be applied retrospectively, so it doesn't apply to the payments Mrs W made.

In broad terms, the starting position in law is that Barclays are expected to process payments that a customer authorises it to make, in accordance with the terms and conditions of the customer's account and the Payment Services Regulations 2017 (PSR's).

But, taking into account the law, regulators rules and guidance, relevant codes of practice and what I consider to have been good industry practice at the time, I consider Barclays should fairly and reasonably have been monitoring accounts and any payments made or received to counter various risks, including preventing fraud and scams.

Also, I'd expect Barclays to have 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). And where a potential risk of financial harm is identified, to have taken additional steps, or made additional checks, or provided additional warnings, before processing a payment.

Based on the size of the payments Mrs W made, I wouldn't have expected Barclays to intervene until she made the last payment in January 2019. I say this as previously Mrs W had made payments for £10,000 in June 2018, £4,000 in March 2018 and £3,500 in January 2018. So, I'm not satisfied that the payments Mrs W made prior to January 2019 were so unusual or out of character that I would've expected Barclays to have identified a potential risk of financial harm. But, even if I was persuaded that Barclays should've intervened sooner, it wouldn't change the outcome and I'll explain why.

The payment of £50,000 was unusual and out of character, so Barclays should've been concerned and intervened before processing the payment. As part of that intervention, I would have expected Barclays to ask questions to identify if Mrs W might be at risk of a scam. These could include: how Mrs W found the investment, what return she had been offered and what checks she had done on P. Barclays also may have asked what documentation Mrs W had received in relation to the investment.

But, even if Barclays had asked the type of questions I would've expected, I'm not satisfied that it would've prevented Mrs W from making the payments or prevented her loss. I say this because all of the information available about P at the time of the payments in 2018 and 2019, suggested that this was a legitimate investment.

P was a UK incorporated company since 2011 and all of the documentation that Mrs W received looked professional. The rate of return wasn't too good to be true, and I haven't seen any negative information that would've been available that suggested this was a scam. Also, Mrs W was introduced to the investment by an individual who worked for a private investment company – which would've reassured her about its legitimacy.

Mrs W says that P was running a Ponzi scheme, but I haven't seen any evidence to say that information would've been available when Mrs W made her payments.

So, even if Barclays had asked open probing questions, I'm not satisfied that they would've been concerned by the information Mrs W would've given them. On that basis, I don't think they acted unreasonably in processing Mrs W's payment instructions, and I'm not satisfied that they could've prevented Mrs W's loss.

Mrs W's representative has referred to a 2020 court case and the ruling made in that court case. However, that court case was against a different legal entity than the one Mrs W believed she was investing in and made payment to. More importantly, I'm not satisfied that any of that information would've been available to Mrs W when she made her payments, even if she had done further research on P in 2018 and 2019.

I'm really sorry to disappoint Mrs W, but I can't fairly hold Barclays liable for her loss or ask them to refund her.

My final decision

My final decision is that I don't uphold this complaint against Barclays Bank UK PLC.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs W to accept or reject my decision before 6 May 2025.

Lisa Lowe
Ombudsman