

The complaint

Mr H is unhappy that Barclays Bank UK PLC won't reimburse him money he says he lost from fraud.

What happened

As the circumstances of this complaint are well-known to both parties, I have summarised them briefly below.

In or around February 2024, Mr H was looking for a contractor to carry out refurbishment works at his property. After posting an advertisement online Mr H was contacted by a third-party who quoted him a satisfactory amount for the works to be completed.

A deposit was instructed to be paid, and so on 24 February 2024 Mr H paid £540 from his Barclays account to the account details provided.

The contractors attended Mr H's property and began works. But upon commencement asked for a further £500 for materials and equipment. So, on 5 March 2024 Mr H went to a cash machine and made two cash withdrawals of £250. He then provided this to the contractors on site.

After the first day of works, the contractors never returned to finish the project. They also failed to respond to Mr H's attempts at contact. Believing he'd been the victim of fraud, Mr H reported the matter to Barclays.

Barclays considered Mr H's claim but concluded that it wasn't liable to reimburse his loss. Unhappy with that decision, Mr H referred his complaint to our service for an independent review. But after considering all the evidence provided by both parties, an Investigator didn't recommend the complaint be upheld.

As Mr H didn't agree with the Investigator's assessment, the matter has now been passed to me to decide.

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.

Bank transfer

Payment service providers, such as Barclays, are required under the Payment Services Regulations 2017 to process payments in line with its customer's instructions. In the circumstances of this complaint, Barclays fulfilled that requirement and processed Mr H's payments as instructed.

However, the first payment made is covered by the Contingent Reimbursement Model Code (the CRM Code), and Barclays was a voluntary signatory to that Code. It therefore must abide by its requirements.

The CRM Code's starting position is that a signatory should reimburse victims of fraud unless it can demonstrate certain exceptions apply. My understanding from reviewing Barclays submissions is that it relies upon the following exceptions to reimbursement:

- The customer made the payment without a reasonable basis for believing they were dealing with a legitimate supplier of goods or services.
- The customer ignored an effective warning.

Having considered the evidence carefully, I agree that an exception to reimbursement can be relied upon here.

Mr H says his belief that he was dealing with a legitimate contractor derived from the fact that they were found on a legitimate website that had verified the identity of the contractors prior to them being permitted to use the platform for business purposes. But I don't think that was enough here.

The website that Mr H discovered the contractor from was merely a platform that allowed users to view previous ratings of tradespeople. The platform advises that users carry out their own research to verify the legitimacy of the contractors listed on its platform. Here, the contractor that contacted Mr H was listed as a newly created profile and had no previous ratings. This ought to have caused Mr H to proceed with caution considering no prior user had reviewed their services.

Mr H says he carried out a cursory search of the business online, but no information was returned. This again ought to have caused him to proceed with further caution, as neither the platform, nor searches on reputable search engines, returned any positive results.

Mr H was also presented with a warning from Barclays when processing the initial payment. This warned against making payment for work that hadn't been completed and advised that a second opinion and reviews be obtained before proceeding. Mr H hasn't provided our service with any evidence that he asked for references or relevant skills and certifications before proceeding to authorise that payment.

Furthermore, Mr H was instructed to make the initial payment to a personal account that was neither in the name of the person he was corresponding with, nor the business he believed they were associated with. While I appreciate Mr H says he did question this, he continued to authorise the payment despite all the risks I've highlighted above.

In summary, it appears that Mr H largely took the information the third-party was telling him at face value. And he proceeded to make the payment to this third-party without attempting to verify the legitimacy of them or their services, despite not having met them and no work having been completed. For these reasons, I find it reasonable that Barclays relied on this exception to reimbursement when considering his claim.

The CRM Code also sets out certain requirements that its signatories must meet when processing payments. In summary, they are expected to identify scam risks within a payment journey. And where those risks are identified, an effective warning must be provided.

While I don't intend to diminish the substantial loss Mr H has suffered as a result of this incident, I don't find that the initial payment he made ought to have been identified as a risk.

Barclays processes millions of payments each day, so it has a difficult balance to strike in processing legitimate payments its customers have instructed it to make without delay and identifying and intervening in payments that it deems a risk. While Mr H was making a

payment to a new payee, it was for a relatively low amount. And it wouldn't have stood out when comparing it to Mr H's normal account activity. I therefore don't find it was necessary to go any further than it did in providing a low friction warning before processing the payment in dispute.

In concluding, I find it fair and reasonable that Barclays chose not to reimburse Mr H the first of the three payments subject to this dispute. I find that it has sufficiently demonstrated an exception to reimbursement under the CRM Code. And I don't find that it ought to have done more when processing the payment.

Cash withdrawals

Moving to the two cash withdrawals made on 5 March 2024. These aren't covered by the CRM Code. So I've taken into account relevant: law and regulations; regulators' rules, guidance and standards; codes of practice; and, where appropriate, what I consider to have been good industry practice at the time.

Taking those into consideration, I must again look at whether Barclays ought to have done more in identifying a risk on Mr H's account when he made these withdrawals. Having done so, I can't say it ought to have.

While two cash withdrawals of £250 in quick succession wasn't typical for Mr H's account, I must again point to the amount being relatively low in value when thinking about the number of payments and cash withdrawals Barclays processes at any given time. These withdrawals didn't drain Mr H's balance—as might typically be seen in cases of fraud—as he had funds remaining in his account. It would also not be unusual for a customer, in general terms, to withdraw an occasional higher amount from their account for higher value goods or services.

Overall, I'm not persuaded that Barclays ought to have intervened in the cash withdrawals. I therefore find that it has made no error in allowing the withdrawals without intervention.

Recovery of funds

I can see that Barclays reported the fraud to the beneficiary bank within 15 minutes of Mr H raising his concerns. This was well within the timeframe I'd have expected it to attempt recovery.

Mr H has raised concerns that Barclays didn't chase a response from the beneficiary bank nor ensure the beneficiary account be closed due to fraud. But that goes beyond Barclays' responsibilities. Once Barclays provides the beneficiary bank with information regarding the fraud allegation, only the beneficiary bank has the power to take action on that account.

My final decision

For the reasons I have given above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 21 August 2025.

Stephen Westlake
Ombudsman