

## The complaint

Miss Y complains that Barclays Bank Plc declined to refund her after she was the victim of an investment scam.

## Background

Miss Y said she was introduced to an investment opportunity by her sister and brother-in-law. She explained that they had previously invested money with someone and received returns a couple of years earlier. When this individual contacted them again about a new investment opportunity, they passed the details to Miss Y.

Miss Y said she didn't speak directly to the individual managing the investment. She only had contact with her brother-in-law, who provided her with the account details for making the payments. She said she didn't know what the investment was in, or any of the specifics, other than it was supposed to involve some kind of trading and was described as offering a guaranteed return.

She used her Barclays account to make the following payments:

25 October 2022	£2,000
25 October 2022	£3,000
26 October 2022	£5,000
28 December 2022	£2,000
28 December 2022	£500

She was told, via her brother-in-law, that when making the payments, she should select "*something else*" as the purpose of the payment and to enter "*loan*" in the reference field. She said she followed these instructions without question.

Miss Y received some returns initially, but these stopped in January 2023. Her brother-in-law contacted the person managing the investment. He was told there were issues with their account that would delay further payments. Eventually, all communications stopped. It was at that point that Miss Y realised that it was likely she'd fallen victim to a scam. She eventually told Barclays what had happened in January 2024.

Barclays investigated, but it didn't agree to refund her. Miss Y wasn't happy with that response and so she referred her complaint to this service. It was looked at by an Investigator who didn't uphold it. Miss Y disagreed with the Investigator's opinion and so the complaint has been passed to me to consider and come to a final decision.

## Findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

In broad terms, the starting position at law is that a firm is expected to process payments and withdrawals that a customer authorises, in accordance with the Payment Services Regulations (in this case, the 2017 regulations) and the terms and conditions of the customer's account.

However, that isn't the end of the story. Barclays was a signatory to the Lending Standards Board's Contingent Reimbursement Model Code (the CRM Code). Under that Code, firms are expected to pay a refund to customers who fall victim to authorised push payment (APP) scams, unless an exception applies. The most relevant exception says that Barclays doesn't need to reimburse Miss Y if she *"made the payment without a reasonable basis for believing that ... the person or business with whom [she] transacted was legitimate."*

I don't doubt that Miss Y did sincerely believe that she was paying into a genuine investment scheme. However, I'm not persuaded that her belief was a reasonable one. From what she's told me, although she knew she was putting her money under someone else's control, she didn't know anything about what they were going to do with it to generate a return on her behalf. She says she didn't ask or speak to the person who was supposedly managing the investment directly. There was no paperwork or formal process. She effectively handed over significant sums of money without knowing what was being done with it or what she was being promised in return.

The returns that were on offer were extremely generous and she was told that they were guaranteed. I think she ought to have considered the possibility that this opportunity was simply too good to be true. I accept that she took some reassurance from the fact that someone she knew had invested before and got their money back, but I think she ought to have taken some basic steps to reassure herself that she was putting her money into something legitimate. While I wouldn't have expected her to carry out extremely detailed research or checks, I would nonetheless expect her to have taken at least some basic steps to protect herself. Overall, I think she made these payments without a reasonable basis for believing that she was making a legitimate investment and so I don't think Barclays needs to refund her.

I've also considered whether Barclays did everything that it was expected to in line with the standards set out in the CRM Code. It was expected to be on the lookout for payments that were unusual or out of character to the extent that they might have indicated the customer was at risk of harm due to fraud. On spotting such a payment, it needed to provide a warning to the customer about the risks of proceeding. I've not seen any evidence that it did so here. However, I must also consider whether, if Barclays had met that standard, it would've enabled it to prevent the scam from taking place.

At the direction of the fraudster, Miss Y made the payments using the reference *"loan"* and selected a generic payment purpose. This meant the bank wasn't aware she believed she was making an investment and so it couldn't factor that in when deciding how best to warn her about the risks of proceeding. In other words, even if a warning had been provided, it likely wouldn't have been specific enough to alert her to the type of scam she had been targeted by. While I'm not convinced Barclays met the Code's standards in this respect, I don't think that failing materially affected the outcome.

I don't say any of this to downplay the fact that Miss Y has fallen victim to a cruel and cynical scam. I have a great deal of sympathy for her and the position she's found herself in.

However, my role is to look at the actions and inactions of the bank and I don't find that it needs to pay her a refund under the CRM Code.

### **Final decision**

For the reasons I've explained above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss Y to accept or reject my decision before 25 June 2025.

James Kimmitt  
**Ombudsman**