

The complaint

Mr L complains that Barclays Bank UK PLC won't return funds that were sent to one of its customers as part of a fraud.

He also feels it's enabling fraud by providing that customer an account.

What happened

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

Mr L required the services of an engineer to install a heating system within his property. He decided to employ the services of a business he'd used previously, and it agreed to carry out the work. A representative of the business provided Mr L an invoice for the work to be completed and instructed payment to their account, held with Barclays.

Mr L made the following payments to that account in payment of the invoice:

1. 13 March 2023 - £10
2. 14 March 2023 - £490
3. 26 April 2023 - £1,500
4. 04 May 2023 - £2,200

After the system was installed Mr L contacted the business again, as he required some modifications to the existing system. A representative attended his property in September 2023 and quoted £200 for the work to be completed. They attempted to use a card machine for the payment, but it wasn't working. So the representative instructed Mr L to carry out a bank transfer.

Mr L set up the payment and sent it to the account specified, but later he realised that the amount taken was £2,000 rather than the £200 agreed. Mr L contacted the business to alert it to this fact and he was instructed to make the £200 payment again, which he did five days later. The business told him it would then refund the overpayment.

Mr L didn't receive the refund as promised. And when he attempted to contact the business, it stopped responding. Mr L concluded that he'd been the victim of a fraud and reported the matter to his bank. It attempted to recover the funds from Barclays but wasn't successful. So Mr L complained to Barclays.

Barclays looked into Mr L's concerns, but it didn't agree it had made an error as it deemed the matter a civil dispute between Mr L and its account holder.

Mr L, unhappy with this response, came to our service for an independent review. An Investigator considered the complaint but agreed with Barclays' position that the matter was more likely a civil dispute. They also found that Barclays hadn't acted unfairly in allowing the account to operate.

Mr L disagreed, so the matter has been passed to me for a final decision to be made.

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.

Considerations

First, to clarify, this decision focuses solely on the actions of Barclays – as the Receiving Firm of the account where Mr L made payment to. Mr L's complaint about his Bank was looked at separately under a different complaint reference with a final decision being issued on the matter.

Among other things, regulated firms receiving payments like Barclays, are required to conduct their 'business with due skill, care and diligence' (FCA Principle for Businesses 2) and to comply with legal and regulatory anti-money laundering and countering the financing of terrorism requirements.

Those requirements include maintaining proportionate and risk-sensitive policies and procedures to identify, assess and manage money laundering risk – for example through customer due diligence measures and the ongoing monitoring of the business relationship (including through the scrutiny of transactions undertaken throughout the course of the relationship).

And, more generally given the increase in sophisticated fraud and scams in recent years, as a matter of good industry practice at the time, I think firms should reasonably have had measures in place to detect suspicious transactions or activities that might indicate fraud or financial abuse (something also recognised by the Banking Standards Institute's October 2017 'Protecting Customers from Financial harm as a result of fraud or financial abuse – Code of Practice').

And I'm satisfied that this good practice requirement meant not just looking out for situations where a customer might be the victim of fraud, but also situations where the customer might be the perpetrator of fraud or a money mule.

Also relevant in this case is the CRM Code that Barclays has signed up to. However, the CRM Code is only relevant if I'm persuaded Mr L did fall victim to a fraud. The Code doesn't cover certain types of disputes. It says:

"This Code does not apply to...private civil disputes, such as where a Customer has paid a legitimate supplier for goods, services, or digital content but has not received them, they are defective in some way, or the Customer is otherwise dissatisfied with the supplier".

Was Mr L likely a victim of fraud?

Having considered the evidence available on this case carefully, I'm not persuaded Mr L was the victim of fraud here.

With regards to payment 1-4, I have already set out in detail to Mr L—in a decision I issued for his complaint against the bank he'd sent the money from—why I don't believe this to a matter of fraud. But in summary, I found from the evidence available that:

- The business he paid appears to have been operating legitimately.
- He received the goods and services paid for—albeit they were faulty after the installation had been completed.
- There was no indication of an intention to defraud.

For these reasons, I'm not persuaded that Mr L had been defrauded when making these payments. Therefore, they don't fall within the scope of the CRM Code and Barclays has no liability in reimbursing Mr L these funds.

For similar reasons, I'm not persuaded Mr L was likely the victim of fraud when he made the subsequent payments in September 2023.

Mr L initially told his bank, and Barclays, that the £2,000 payment made for modifications to the heating system in September 2023 was sent in error. He hadn't alluded to a fraud at that time and therefore both parties treated the matter as an error on Mr L's part.

I can see that when Barclays were contacted by Mr L's bank, it carried out a review in line with what I'd have expected it to do. While I can't disclose to Mr L what exactly occurred as part of this review—as the information concerns a third-party's account—I can assure him it acted reasonably.

Barclays had satisfied itself after the review that the matter was more likely than not to be a civil dispute. And for that reason, it decided not to return the funds to Mr L's account. I don't find this, based on the information I've seen, to have been unreasonable.

Mr L has since told our service he now believes that the representative who attended his property put the transaction through without his knowledge. But this wasn't the information available to Barclays at the time. I therefore cannot say it acted unreasonably based on the information it did have.

Mr L has also complained that Barclays has aided his loss by allowing the business to have an account in operation. He has cited several concerns regarding some disparities between the information held on Companies House about the business against the social media channels controlled by its director.

However, I am only able to look at the facts of this complaint and, as I have already pointed out, I'm not persuaded from the current evidence available on this case that the business was operating fraudulently. Nor do I believe sufficient evidence exists to support a fraud being committed here.

Barclays carried out a review of the account and was satisfied regarding both the payments received and the account's operation. It has therefore acted reasonably when dealing with concerns raised about it. And I've been unable to identify any other concerns Barclays ought to have had about the account more broadly.

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 12 May 2025.

Stephen Westlake
Ombudsman