

The complaint

Mr M complains that Barclays Bank UK PLC did not prevent scam payments from being received into their customer's account.

What happened

Mr M used a company to manage the construction of a new fireplace. An individual within the company who I will refer to as 'J' fabricated invoices from a high-end supplier with an increased cost requested on them. As a result, Mr M made the following transfers to J:

- 14 June 2021: £29,847.53
- 23 June 2021: £8,281.73
- 12 July 2021: £29,868.11

Mr M says that J then paid a lower end supplier for the goods and kept the extra funds for himself. The issue of the fabricated invoices was only discovered around three years later when Mr M contacted the high-end supplier, he thought he had initially paid for some additional work, and they told him they had not carried out the work in the first place.

Mr M raised a receiving bank complaint against Barclays via a representative. They said Barclays did not do enough to prevent the fraud from occurring and they should not have allowed J to open an account in the first place. Barclays issued a final response letter in April 2024 in which they explained they felt they had acted fairly and reasonable in the circumstances when they opened the account and processed the payments. So, they did not agree to reimburse Mr M.

The complaint was referred to our service and our Investigator looked into it. Based on the evidence they had seen, they felt the account had been opened correctly and there was nothing in relation to the activity on the account that we would have expected them to intervene on. So, they did not agree a refund was due.

Mr M's representatives disagreed with the findings. They felt the sums involved were so large that they must have alerted Barclays to the fact something was not right. They also highlighted the payments in would have had a reference mentioning an invoice, which should have put Barclays on notice that J's account was being used for business purposes.

As an informal agreement could not be reached, the complaint has been passed to me for a final decision.

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.

Barclays has signed up to the Lending Standards Board's voluntary Contingent Reimbursement Model Code (the CRM Code). The CRM Code sets out what is expected of the 'Sending Firm' and 'Receiving Firm' (in this case Barclays) when payments are made or

received.

In summary, the obligations for the receiving firm states firms should:

- Take reasonable steps to prevent accounts from being used to launder the proceeds of APP scams.
- Have procedures to prevent, detect and respond to the receipt of funds from APP scam; and
- Where the receiving Firm identifies funds where there are concerns that they may be the proceeds of an APP scam, it should freeze the funds and respond in a timely manner.

So, I've considered these points.

Complaints about receiving banks and any acts or omissions came into our jurisdiction from 31 January 2019. I've seen evidence from Barclays to show that the receiving bank account was opened after this date, so I can consider the account opening.

Having done so, I'm satisfied that Barclays followed the correct processes when opening the account, so I can't agree that they made an error in doing so. And it follows that I don't think they could reasonably have been aware that the account would be used for fraudulent purposes when it was opened.

I've gone on to consider whether the general activity on the beneficiary account should have given a Barclays cause for concern. Due to data protection issues, I cannot share the information I have been provided with Mr M. But I want to assure him that I have carefully reviewed everything available to me and I have taken into consideration the comments made by his representative.

Having done so, I do not think Barclays should have had any concerns about the account prior to the transactions occurring on them, or in relation to the specific payments and subsequent activity. So, I don't think Barclays could have done more to prevent Mr M's loss at the time.

I've finally considered what Barclays did once they were notified of the scam claim. As this was almost three years after the initial payments were made, there were no funds remaining for them to return if they agreed a scam had occurred in the circumstances.

My final decision

I do not uphold Mr M's complaint against Barclays Bank UK PLC.

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

Rebecca Norris

Ombudsman