

The complaint

Mr A complains that Barclays Bank UK PLC ('Barclays') won't refund the money he says was lost as the result of a scam.

What happened

In January 2023, Mr A was looking for a builder to do work in his kitchen. He posted an advert on a genuine website which connects consumers with tradespeople. Mr A's advert said he was looking for someone to remove/adjust his kitchen cabinets.

Mr A was contacted by a building company who I'll refer to as O.

Mr A decided to use O and was asked to pay a deposit of £325, which he did on 20 January 2023. He says that O turned up and took the doors off the kitchen cabinets. Mr A was then asked to pay the balance owing of £325, which he did on 23 January 2023. After he made the second payment, Mr A says O stopped attending his property. O promised to come back and Mr A maintained contact with them until October 2023, when all communication ceased.

Mr A raised a fraud claim with Barclays in January 2024. Barclays declined to refund Mr A, saying Mr A has a civil dispute with O. Barclays said O was a legitimate company which dissolved in October 2023.

Mr A wasn't happy with Barclays' response, so he brought a complaint to our service.

An investigator looked into Mr A's complaint but didn't uphold it. The investigator wasn't satisfied that Mr A's payments were covered by the Lending Standards Board's Contingent Reimbursement Model Code (CRM Code), as there wasn't evidence that O took the funds with no intention of doing the work or that O set out with the intention to deceive Mr A. The investigator also didn't think Barclays should have intervened when Mr A made the payments.

Mr A disagreed with the investigator's opinion and asked for an ombudsman to review his case.

Mr A believes that O started the work knowing they wouldn't complete it. He is also concerned that as he has no way to contact O, he's unable to recover his funds from them.

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'm really sorry to disappoint Mr A, but having carefully reviewed the evidence, I've reached the same answer as the investigator.

I realise that he's experienced a financial loss and that he is unable to recover his money from O. However, that doesn't necessarily mean that he's entitled to a refund from Barclays.

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).

Where there is a dispute about what happened, and the evidence is incomplete or contradictory, I've reached my decision on the balance of probabilities – in other words, on what I consider is most likely to have happened considering the available evidence.

Is Mr A entitled to a refund under the CRM Code?

Barclays are a signatory of the CRM Code, which requires firms to reimburse customers who have been the victims of Authorised Push Payment (APP) scams, in all but a limited number of circumstances. The CRM Code defines what is considered an APP scam as *"where the customer transferred funds to another person for what they believed were legitimate purposes, but which were in fact fraudulent"*.

In order to decide whether the circumstances under which Mr A made his payments meets the definition of an APP scam, I need to consider the purpose of the payments and whether Mr A thought this purpose was legitimate. I also need to consider the purpose the recipient (O) had in mind at the time of the payments and whether this was broadly in line with what Mr A understood the purpose to be. And, if I decide there was a significant difference in these purposes, whether I'm satisfied this was as a result of dishonest deception.

I'm satisfied that Mr A made the payments for O to complete building work in his home. Mr A found O through a genuine website that connects consumers with tradespeople, and I haven't seen anything to suggest that Mr A didn't believe this was a legitimate purpose.

In reaching an answer on what purpose O had in mind, the key information to this case is:

- O became a UK incorporated company in December 2019 and appears to have been operating legitimately for a few years prior to Mr A making his payments. I also note that Mr A found O through a genuine website and was initially communicating with O through that website, until October 2023 when all communication ceased.
- O was subject to a compulsory strike off and was dissolved in October 2023. This suggests that O may have suffered difficulties as a company, but it doesn't show what O's intent was at the point Mr A made his payments in January 2023.
- We've received third-party information from the receiving bank, which we can't share due to data protection legislation. However, that evidence doesn't support that Mr A has an APP scam.
- A business failure, whether that's due to mismanagement or a change in their financial position, doesn't mean that Mr A's payments meet the definition of an APP scam. It's possible that O was continuing to take on new work, in the hope to avoid being struck off.

I appreciate that Mr A has suffered a financial loss and that O didn't complete the work. But I'm not satisfied that Mr A has provided sufficient evidence to show that O took his payments with a different purpose in mind or through dishonest deception. So, I'm not satisfied that Mr A's payments meet the definition of an APP scam, and therefore his payments aren't covered by the CRM Code.

It's possible that if Mr A reports O to Trading Standards or the police that they may become involved and do an investigation, which could provide evidence that points to O's intention at

the point Mr A made his payments. If material new evidence does come to light at a later date, Mr A can ask Barclays to reconsider his claim.

But, based on the evidence, I'm not satisfied that I can hold Barclays liable under the CRM Code for Mr A's loss, or ask them to refund Mr A.

Is there any other reason I could hold Barclays liable for Mr A's loss?

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. In this case, the two payments that Mr A made to O were low in value – although I appreciate the money involved is significant to Mr A. But, Barclays has to find a balance between identifying payments which could be fraudulent and then responding appropriately to their concerns - while ensuring minimal disruption to legitimate payments.

I'm not satisfied that the payments Mr A made were so unusual or out of character that Barclays should've identified a potential risk of financial harm or intervened before following Mr A's payment instructions. On that basis, I'm not satisfied that Barclays could've prevented Mr A's loss.

Recovery of funds

As Barclays deemed the matter a civil dispute between Mr A and O, not an APP scam, they haven't been able to recover his funds. It's worth noting that by the time Mr A raised the fraud claim with Barclays in January 2024, nearly a year after he made the payments and after O had been dissolved, it's unlikely Barclays could've recovered the funds regardless.

Having carefully considered the evidence, I'm not satisfied that I can fairly hold Barclays liable for Mr A's loss or ask them to refund him.

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 Mr A to accept or reject my decision before 20 March 2025.

Lisa Lowe
Ombudsman