

## Complaint

Mr K is unhappy that Barclays Bank UK PLC didn't refund him after he told it he'd fallen victim to a scam.

## Background

Mr K invested his money with a company that I'll refer to as L. It claimed to earn returns for its investors by using their money to buy up goods at significant discount and then selling them on for a profit. Each of his payments were associated with the purchase of specific goods. Once the company had received those goods, it would find a buyer and then transfer the profits to the investor. He was told he could earn a return of over 50% in a matter of days. He was persuaded to invest because other people he knew had invested with the same company had seemingly earned returns

He used his Barclays account to make the following payments to L:

22 May 2023	£525
22 May 2023	£752.40
31 May 2023	£995
6 June 2023	£895

I understand he did receive some returns. When these stopped, he contacted L. He was given a succession of excuses as to why payments weren't being made and was told that the owner of the company was overseas and was seriously ill. Eventually, he concluded that he must have fallen victim to a scam. He contacted Barclays, but it didn't agree to refund his losses. It said that it didn't think Mr K had done enough to check that the company he was paying was legitimate.

Mr K wasn't happy with that response and so he referred his complaint to this service. It was looked at by an Investigator who didn't uphold it. Mr K 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 is a signatory to the Lending Standards Board's Contingent Reimbursement Model Code ("the CRM code"). This code requires firms to reimburse customers who have been the victim of authorised push payment ("APP") scams, like the one Mr K fell victim to, in all but a limited number of circumstances.

Under the CRM Code, a firm may choose not to reimburse a customer if it can establish that an exception to reimbursement applies. The most relevant one here is where *“the customer made the payment without a reasonable basis for believing that ...the person or business with whom they transacted was legitimate.”*

I accept that Mr K did sincerely believe that he was making these payments in connection with a legitimate investment opportunity. However, I'm not persuaded that belief was a reasonable one. I say that for several reasons. For example, Mr K said that he consulted an online platform on which people posted reviews of their experience with L. The presence of good reviews on this platform was one of the things that persuaded him this was a genuine investment opportunity. However, a significant number of reviews were left by other individuals claiming to have fallen victim to a scam.

Mr K pointed out to the Investigator that all companies receive negative reviews. The mere fact that there were negative reviews of this company doesn't mean he should've recognised it was a scam. I'm not persuaded by that argument. These weren't merely reviews of people saying they'd had a bad experience with the company – there were multiple reviews left by people stating specifically that it had defrauded them. I think the fact that a significant number of people reported that the company had defrauded them should've put Mr K on notice of the risk that this opportunity might not be a legitimate one.

I also think he should've been concerned at being promised such a generous return on his investment seemingly without risk. While I take on board his point that a person buying goods in bulk might be able to benefit from significant discounts, L's ability to earn a profit for its investors was contingent on its ability to find a buyer for those products. I'd have thought that process would be replete with risks – such as buying up a large number of goods without being able to find an end purchaser for them. But as far as I can see, Mr K was told that his return was guaranteed. There was nothing to suggest that there was any risk to his upfront capital. I don't think it was plausible that company could've delivered such returns without risk and so I think he should've been more sceptical of its promise to do so.

I've also considered whether Barclays should've done more here. Under the CRM Code, it's expected to provide warnings to customers where it detects a fraud risk associated with an individual payment. However, given the value of these payments and the fact that they were spaced out, I'm not convinced any of them would've appeared particularly concerning from Barclays' perspective. I don't think I can say that it ought to have provided Mr K with a warning.

Mr K has pointed out that he's spoken to other people who have lost money investing with L. He's said that many of them have had their cases upheld by their banks and had their money refunded. I don't know why that's the case, although the background facts of those cases may be subtly different. In any event, I can only determine this complaint based on the evidence before me and I'm satisfied that shows that Barclays doesn't need to reimburse him under the CRM Code.

I don't say any of this to downplay or diminish the fact that Mr K has fallen victim to a cruel and cynical scam. I have a great deal of sympathy for him and the position he's found himself in. However, my role is limited to looking at the actions and inactions of the bank and I'm satisfied it didn't do anything wrong here.

### **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 Mr K to accept or

reject my decision before 20 December 2024.

James Kimmitt  
**Ombudsman**