

## **The complaint**

Mrs S is unhappy that Barclays Bank UK PLC decided not to refund her after she'd been the victim of a scam. Mrs S is bringing her complaint using a claims management company which I'll refer to as J.

## **What happened**

Mrs S decided to invest in a company I'll refer to as A. A offered a rent-to-rent property investment. Mrs S's funds would be used to refurbish properties and A would find a tenant to rent the property at a higher price. A told consumers they would rent the properties out to council's or housing associations. A claimed to have agreements in place with a well-known charity (I'll refer to as H) and a housing association (I'll refer to as P).

This service is broadly aware of the scam Mrs S fell victim to. She was far from the only person to be drawn into the scam and, sadly, this service has seen numerous complaints from different victims. We know investors were promised monthly returns, based on the length of each contract. Funds would be used for the sourcing and refurbishment of properties. The scheme continued for some time, with some 'investors' actually receiving some money back, as might be expected of a Ponzi or pyramid scheme.

In or around May 2023, H issued a public statement on its website, saying that it had been made aware of several property investment schemes where H had been named as either the guarantor or would be placing tenants into the rented properties. It said H had no involvement with these schemes. Any claims that H was involved were bogus and fraudulent. It specifically mentioned A, where it claimed H as the "tenant" in its contracts, dating as far back as 2019. H reiterated it had not entered into any agreements or had any dealings with A.

J, representing Mrs S, as well as many other consumers, has provided correspondence from the housing association - P. In these emails P said it had never worked with A.

Mrs S made two payments in January 2023, totalling £13,000. Mrs S initially received six monthly returns of £725 between February 2023 and July 2023. In October 2023 consumers were contacted by the director of A, to say the company would be dissolved and no further payments made to customers. Leaving Mrs S with losses of £8,650.

Mrs S raised a scam claim with Barclays via J. It said it wouldn't be refunding Mrs S as it deemed the matter a civil dispute. It said A was a registered company and customer had contracts with third parties and received returns. Barclays says Mrs J selected paying a Bill, invoice or tax as the payment reason and was presented with a scam warning which focused in invoice or email interception

Unhappy with that outcome, Mrs S brought his complaint to our service. One of our investigators looked into things. He was satisfied that Mrs S's claim was an Authorised Push Payment scam and therefore covered by the Contingent Reimbursement Model (CRM) code. In summary the key points he set out were:

- A, provided rental agreements with a well-known charity - H. That charity has since released a public statement on its website that it has never had any dealings with A.
- The housing association – P, that A also claimed to be working with, confirmed it also had never had dealings with A.
- Because of the two false representations above, which featured in most consumers contacts with A, he was satisfied that A dishonestly deceived consumers about the purpose of the payments they were making.
- Mrs S's contract included the housing association – P - as the tenant in one of the contracts, which was found to be untrue. He was persuaded that A could not fulfil the contract with Mrs S.

He went on to say that Mrs S should receive full reimbursement under the CRM code as she had a reasonable basis of belief when making the payments. He said:

- A provided professional and convincing sales literature and had a professional website.
- The company had been registered on Companies House since 2019.
- At the time A claimed to have agreements in place with H and P, which appeared genuine at the time she decided to initially invest.
- The rental contracts A provided appeared genuine and didn't look too good to be true.

He recommended that Barclays reimburse Mrs S in full and pay 8% simple interest from the date claim was declined to the date of settlement.

Barclays didn't agree it said it did not believe that this case was in scope for the CRM Code as the matter relates to theft taking place within the company. It said it had received information from the recipient bank account provider and therefore disagreed with the investigators findings.

As the complaint couldn't be resolved it has been passed to me.

### **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.

Having done so, I've come to the same conclusions as the investigator. I'll set out my findings in full below.

In deciding what's fair and reasonable in all the circumstances of a complaint, I'm required to take into account relevant: law and regulations; regulators' rules, guidance and standards, codes of practice; and, where appropriate, what I consider to be good industry practice at the time.

Barclays a signatory of the Lending Standard Board's Contingent Reimbursement Model Code (the LSB's CRM Code). The CRM Code requires firms to reimburse victims of APP Scams in all but a limited set of circumstances.

The investigator set out his explanation for making the finding this was an APP scam (and therefore a claim caught by the CRM code) but for clarity I'll repeat the salient points here.

- I've seen no evidence that A could have fulfilled the contracts it entered into with

consumers. It did not have the agreements in place with the parties it claimed - either H or P. And in Mrs S's case, his contract included P as one of the parties.

- The contracts and agreements A provided to consumers were therefore fictitious as they contained the details of parties who had not contracted with them.
- I've also explained I have seen other supporting evidence that A was not operating in line with the purpose that was agreed with its customers.
- There's no evidence that Mrs S's funds were used for the intended purpose that both he and A had agreed they would be used for.

Barclays hasn't provided any evidence that A was operating legitimately.

As I'm satisfied this is an APP scam and caught by the CRM code, I've gone on to apply the provisions of the code below.

As I've mentioned, the CRM code which requires firms to reimburse consumers who have been the victims of APP scams, in all but a limited number of circumstances and it is for Barclays to establish that a customer failed to meet one of the listed exceptions set out in the CRM Code.

Under the CRM Code, a bank may choose not to reimburse a customer if it can establish that\*:

- The customer ignored what the CRM Code refers to as an "Effective Warning" by failing to take appropriate action in response to such an effective warning.
- The customer made payments without having a reasonable basis for believing that:
  - o the payee was the person the Customer was expecting to pay;
  - o the payment was for genuine goods or services;
  - o and/or the person or business with whom they transacted was legitimate

\*Further exceptions outlined in the CRM Code do not apply to this case.

#### Did Barclays meet the standards expected of a firm under the CRM Code?

The CRM code says that, where a firm identifies APP scam risks, it should provide "Effective Warnings" to their customers. It sets out that an Effective Warning should enable a customer to understand what actions they need to take to address a risk and the consequences of not doing so. And it says that, as a minimum, an Effective Warning should be understandable, clear, impactful, timely and specific.

I'm satisfied given the value of the £13,000 payment Barclays ought to have identified that Mrs S could be at risk of an APP scam and provided effective warnings in line with the Standards under the CRM code.

Barclays presented a warning which isn't specific to investment scams and rather it focuses on impersonation or invoice intercept scams. So, this warning is not relevant to the type of scam Mrs S was falling victim to.

Overall, I'm satisfied that Barclays ought to have provided effective warnings which it didn't. And so Barclays has failed to meet the firms' standards under the CRM code.

#### Did Mrs S have a reasonable basis of belief when making the payments?

I've also thought about the steps Mrs S took to reassure herself about the legitimacy of the contact he'd received from A and whether it was reasonable for him to proceed with the payments. And I'm persuaded he did. I'll explain why.

- Whilst Mrs S initially found the investment opportunity on a social media platform, she then went on to have, what she describes as professional and detailed conversations with representatives of A.
- A had a basic, but professional looking website, which I've had limited access to, given that it's no longer accessible.
- A had an entry on Companies House showing incorporation from 2019, with two sets of micro-company accounts submitted at the time Mrs S invested.
- Mrs S also says she saw reviews on a trusted website, which at the time, showed all positive reviews – albeit they were limited in number.
- At the time Mrs S entered into the contracts with A, there wasn't anything in the public domain that would have put Mrs S on notice that this wasn't a legitimate investment.
- The returns promised didn't seem too good to be true. Mrs S's contract contained a property that could be found on the land registry, the monthly rental payment seemed reasonable, given the property was being refurbished and used as home of multiple occupancy.
- Mrs S's contract included a genuine housing association – P, incorporated since 2012. And Mrs S had no way of knowing P's involvement was a lie.

On this basis, I'm satisfied, that in these circumstances, Barclays has not established that an exception to full reimbursement should be applied. Therefore, Barclays needs to refund Mrs S for her losses.

### **Putting things right**

- I direct Barclays to pay Mrs S £8,625. This calculation is based on payments lost to the scam investment of £13,000, minus six returns of £725.
- Barclays needs to pay 8% simple interest from the date it declined Mrs S's claim to the date of settlement.

### **My final decision**

I uphold Mrs S's complaint against Barclays Bank UK PLC and direct it to settle the complaint as I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs S to accept or reject my decision before 21 April 2025.

Sophia Smith  
**Ombudsman**