

Complaint

Ms S is unhappy that Barclays Bank UK Plc didn't reimburse her after she reported falling victim to a scam.

Background

In 2016, Ms S received an unsolicited email regarding an investment opportunity with a business I'll refer to as Company A. She replied to express her interest, and someone called her to discuss it further. The company was offering the chance to invest in large scale property developments in the UK. Ms S was told that, if she invested, she could expect to earn returns of between 12 and 20% per year.

She was happy to proceed and so used her Barclays account to make the following payments:

- 5 October 2016 for £20,000
- 11 July 2018 for £40,000
- 19 June 2019 for £2,800
- 19 November 2020 for £13,500

Company A fell into administration shortly after the final payment. Ms S determined that it was likely she'd fallen victim to a scam. She notified Barclays, but it didn't agree to reimburse her losses.

Ms S was unhappy with that and so she referred her complaint to this service. It was looked at by an Investigator who didn't uphold it. Ms S 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.

Under the relevant regulations, the starting position is that customers are responsible for payments they have authorised. Since Ms S authorised the payments in question, she is presumed liable for them. However, this is not the end of the matter. Banks are also expected to monitor account activity for signs of potential fraud. If a bank identifies indicators of risk, such as a payment being unusual or out of character, it should respond to that risk in a proportionate way. The response could range from presenting a written warning during the payment process or temporarily pausing the transaction while it contacts the customer to discuss the circumstances. The nature and level of intervention should reflect the level of risk involved. However, these obligations are not relevant except where the consumer has been targeted by a scam.

In addition to that, Barclays was a signatory to the Lending Standards Board's Contingent Reimbursement Model Code (CRM Code). The first payments Ms S made were in October

2016 and July 2018. That was before the introduction of the CRM Code. However, the later two payments were made after the Code came into effect and are therefore covered by its provisions.

The first payment was sufficiently unusual and out of character for Ms S that I think Barclays ought to have taken further steps to verify its legitimacy before allowing it to proceed. That said, I agree with the Investigator that, even if the bank had intervened, it's unlikely this would have made a difference. In any event, even if I had concluded that Barclays failed to query the payment with Ms S, the core of this complaint is the allegation that the bank failed to protect her from fraud by not meeting the obligations I've described above. I can't fairly conclude that Barclays failed in that duty unless I'm also satisfied that the investment itself was, in fact, fraudulent. Based on the evidence available, I'm not persuaded that was the case.

To find that this was fraud, I'd expect (a) there to be a misalignment between the purpose for which Ms S made the payment and the purpose for which it was procured by Company A; and (b) that difference to have been due to dishonest deception on the part of Company A. The key consideration here is what the intentions were of the directors of Company A. I obviously can't know what they were for sure, so I have to look at what the other available evidence shows and use that to infer what their intentions likely were.

I've carefully reviewed what both Ms S and Barclays have told us, as well as the information available from third parties such as the company's liquidators. I haven't seen persuasive evidence that Company A never intended to carry out the development work or that it didn't attempt to do so. In fact, I've seen evidence that Company A completed at least three large-scale projects and was involved in others that were later transferred to different developers.

It's been suggested that Company A paid unusually high commissions to unregulated introducers and that this made the returns it offered unrealistic. That may be true, but it doesn't necessarily mean the business was fraudulent or that Company A never intended to deliver what it promised. There are other equally plausible explanations (e.g. poor financial planning, overly optimistic business modelling, or mismanagement) that could account for the high commission structure and the failure to deliver returns, without indicating fraudulent intent.

I accept that there are concerns about governance and transparency in respect of Company A. Ms S's representatives have insisted that Company A was a Ponzi scheme "*from the outset*" but that seems vanishingly unlikely given that it's uncontroversial that it did complete several major property developments. It's possible that the nature of its activities changed at some point, but there is insufficient evidence to support such a claim. The liquidators have said they are still investigating thousands of transactions, but to date they haven't provided any evidence that the company was operating a scam or Ponzi scheme.

Ms S, via her representatives, has argued that, had Barclays questioned these payments more thoroughly, it might have discovered that the investment was unregulated or potentially a UCIS (Unregulated Collective Investment Scheme). While I understand their point, it's important to note that it isn't unlawful for a consumer to invest in an unregulated scheme. Such investments may carry greater risk, but that doesn't mean the bank was under an obligation to prevent Ms S from proceeding. It wasn't expected to protect her from making a high-risk investment decision.

Overall, I'm not persuaded that the evidence shows it's more likely than not Ms S was the victim of a scam. The evidence suggests that the funds were used (at least in part) for the intended purpose of property development. I realise this will be disappointing, and I sympathise with her. It's understandably upsetting to have lost a significant sum of money in

circumstances like these. However, for the reasons I've set out above, I don't think it would be fair or reasonable to require Barclays to reimburse her.

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 Ms S to accept or reject my decision before 5 December 2025.

James Kimmitt
Ombudsman