

The complaint

Mr P complains that Barclays Bank UK Plc didn't do enough to prevent him losing money to what he says was a scam.

Mr P has used a representative to bring his complaint. But, for ease of reading, I'll mostly just refer to Mr P and will also ascribe the representatives' comments to him.

What happened

The detailed background to this complaint is well known to both parties. So, I'll only provide an overview of some of the key events here. Between October 2018 and August 2019 Mr P made a series of transfers from his Barclays account. The payments were £20,000 on 2 October 2018, £25,000 on 1 February 2019, £20,000 on 28 May 2019 and £10,000 on 13 August 2019. He says at the time he believed this was a legitimate investment with a company I'll refer to as 'H', but he now believes it was a scam. As well as his outgoing payment on 13 August 2019, he also received a credit back from H on the same day of £20,000. Overall, this still leaves him at a considerable loss.

In May 2024 Mr P complained to Barclays. He alleged the payments were made as a result of a scam and is seeking reimbursement of his loss along with interest and compensation. Barclays position is that this is a civil dispute rather than a scam – they haven't offered any redress. One of our Investigators considered the complaint and didn't recommend it should be upheld. Broadly speaking he wasn't persuaded that H were operating a scam or that Barclays could fairly be said to be responsible for the loss. Mr P disagrees and has asked for an Ombudsman to review his complaint.

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 reached the same overall outcome as our Investigator and for broadly the same reasons. I know this will be disappointing for Mr P, so I'll explain why.

The Lending Standards Board's Contingent Reimbursement Model (CRM Code) was a voluntary scheme through which victims of scams could sometimes receive redress from the banks involved. Barclays were a signatory to the CRM code and so it is potentially relevant here. However, the CRM code was launched on 28 May 2019 and it specifically wasn't retrospective. That means, for Mr P's payments before that date, it can't be used as a basis to expect more from Barclays. I'll first deal with Mr P's payments that aren't subject to the CRM Code, specifically those made on 2 October 2018 and 1 February 2019 which together total £45,000.

I'm not persuaded that H were operating a scam when accepting the payments from Mr P. My reasons for this are something that I'll come to in more detail below. But firstly, if there

was no scam to protect against, then there was no real reason for Barclays to have intervened in what were legitimate payments. But even if I make several assumptions in support of Mr P's position (which for clarity I don't agree to be the case), that this was a scam and that the payments were so unusual / suspicious that Barclays should've intervened, this still wouldn't impact my thoughts on the overall outcome here.

Firstly, I think it's important to note that as fraud and scams have sadly become more and more prevalent, the expectations on banks have generally increased over the years. But, it wouldn't be fair for me to apply today's standards to Barclay's actions back in 2018 and 2019. This context should be kept in mind.

In late 2018 there was media reporting of a very large project that H were involved with in Newcastle. This went on to be successfully completed. I don't think any level of warnings or questions that could reasonably have been expected from Barclays in October 2018 or February 2019 would've resulted in Mr P discovering an alleged scam or not going ahead with his payments. Had he been prompted to have asked more questions of H, I think they would've had ample evidence of the legitimacy of their ongoing major project. And it's more likely Mr P would've wanted to proceed in any case. So, I don't think I can fairly say Barclays are responsible for his loss arising from those payments.

The remainder of Mr P's payments took place after the launch of the CRM Code. Under the CRM Code, the starting principle is that a firm should reimburse a customer who is the victim of an APP scam (except in limited circumstances). But the CRM Code only applies if the definition of an APP scam, as set out in it, is met. The definition of an APP scam as set out in the CRM Code is:

"...a transfer of funds executed across Faster Payments...where: (i) The Customer intended to transfer funds to another person, but was instead deceived into transferring the funds to a different person; or (ii) The Customer transferred funds to another person for what they believed were legitimate purposes but which were in fact fraudulent."

I've therefore considered whether the payments Mr P made fall under the scope of an APP scam as defined above by the CRM Code. Having done so, I don't think that they do. I'll explain why. To determine if Mr P has been the victim of a scam, I have to consider if his intended purpose of the payments were legitimate, whether the intended purposes of Mr P and H were broadly aligned and, if not, whether this was the result of dishonest deception on the part of H.

Based on the evidence available to me, it appears Mr P was intending for the funds to be invested in building projects. He then expected to receive regular returns over the course of the investment. The paperwork he received prior to investing appeared to be professional and detailed, and H was listed on Companies House as being incorporated since 2011. I see no reason why Mr P would not have thought this was a legitimate investment.

I've gone on to consider whether H's intended purpose for the payment aligned with what Mr P intended. I've seen evidence that three major building projects were completed by H (including the one I've mentioned above). They also had other projects ongoing, although these had to be sold to other developers after they entered financial difficulty. On balance, I think this supports that H was most likely a legitimate company involved in legitimate building projects and I think it's unlikely a scam company would have completed three large scale building projects at significant cost in order to entice more funds from investors.

I'm aware that Mr P's representatives have made a variety of further points which, for completeness I will also address. They've said H paid unregulated introducers a high level of commission which in turn made the level of interest offered to investors unlikely. They felt

that a credit event was inevitable in the circumstances. However, whether or not unregulated investors were used to introduce the investment does not indicate that H set out to defraud investors of their funds, with no intention to invest the funds into building projects. I've also considered the points raised in a third party's report dated December 2024 as well as everything else Mr P's representatives have submitted. The thrust of the report appears to be that there's no evidence funds were applied for the intended purpose, so it is probable that H was trading fraudulently. But no evidence has been put forward in respect of how the funds were applied or that they weren't used for the intended purpose.

I've also considered the evidence put forward to say H operated a Ponzi scheme. But from the information I've seen, H may have misrepresented certain information, filed incorrect and late accounts, and paid high commissions to introducers, but there is currently no persuasive evidence to say this was most likely done with the intention to scam investors.

In the same period, H was working on and completing property developments across the country, so I don't think these things show H was never intending to use Mr P's funds for the relevant development project(s). It should be noted that the liquidator for H has not provided any evidence to suggest they were acting fraudulently or operating a Ponzi scheme. They are still in the process of investigating a significant number of transactions made from H to various subsidiary companies, due to the way in which the H network was set up. However, at the moment there is no indication that these transactions were made with the intention of hiding these funds and not using them towards development projects.

I'm aware that Mr P's representatives have also referred to a 2020 court judgement which suggests a company, that was part of the same group as H, traded while insolvent. But this is one company within the group and it's not enough to reach the conclusion that there was an intention for Mr P's funds not to be used for the intended purpose.

On balance, I think H's intended purpose for the funds aligned with Mr P's, and nothing I have seen persuades me that H intended to defraud him. Instead, I think it's more likely this was a failed investment. So I don't think it meets the definition of an APP scam under the CRM Code. I therefore think Barclays acted reasonably when they treated the case as a civil dispute and didn't refund him under the CRM Code.

Finally, I'm aware that Mr P's representatives also seem to be of the view that Barclays should nonetheless have intervened in the payments. But, even if I were to agree they should have done, for the same reasons as those set out for the payments that predate the CRM Code, I don't think this would've made a difference.

For completeness, Mr P hadn't reported his payment as a scam prior to making his complaint in 2024. By that point H had been out of business for quite some time. So I don't think Barclays could've reasonably done anything at that time to try to help him recover his funds.

It is of course possible that further evidence may come to light to support Mr P's position about H operating a scam. And if it does, he can potentially ask Barclays (and later our service if appropriate) to reconsider the position in relation to the payments subject to the CRM Code. But as things stand, I'm not persuaded Mr P has been the victim of a scam rather than being involved in an investment which didn't perform as he would've hoped. It follows that there isn't a reasonable basis upon which I can require Barclays to do more to resolve this complaint.

My final decision

For the reasons outlined above, my final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 8 December 2025.

Richard Annandale
Ombudsman