

## **The complaint**

Miss E complains that Barclays Bank UK PLC ('Barclays') declined to refund her in full when she fell victim to a scam.

## **What happened**

The circumstances of this complaint are well known to both parties, so I will not go into every detail of what happened here. But, in summary, Miss E unfortunately fell victim to two advanced fee scams.

Miss E's son had been involved in an investment. They were told it had failed and were then contacted by someone who said they were liquidators and had been passed the receivership for the investment company. Miss E sent around £85,000 from her Barclays account for a variety of reasons such as insurance, escrow release and anti-money-laundering costs. Unfortunately, she realised she had fallen victim to a scam.

Barclays looked into the matter and considered Miss E's claim under the Lending Standard Board's Contingent Reimbursement Model ('CRM') Code. Barclays refunded 50% of her losses and recovered just under £1,500 from the beneficiary account. They said that she had not done enough to satisfy them that she had a reasonable basis for believing that she was dealing with a legitimate company – and so said it would be fair for her to share in the loss too.

In 2023, Miss E then received a letter from someone purporting to be Trading Standards. It said that it was offering assistance in recovering the funds lost previously. They put her in touch with an investment company, which I will call 'W' to facilitate this. They claimed that the previous losses were in an escrow account and in order to recover the funds, various fees were due. Miss E's son paid towards the fees, then Miss E became involved financially too. She told us there was a £34,000 loan taken out with Barclays as part of this scam – Miss E said she was unaware of it being taken out in her name at the time.

Miss E also complained to Barclays about this scam. They again considered the losses under the CRM Code and refunded 50% of her total loss – including the loan funds which she had sent onto the scammer. The total loss including the loan funds that were sent on amounted to just under £70,000. It said she had not taken reasonable steps to ensure she was sending money to a legitimate company and so she should share some responsibility for the loss. They are separately paying £17,500 of the loan as a gesture of good will, and removing any charges, interest or negative financial information about the loan.

Miss E was dissatisfied and so she escalated her concerns to this service. One of our investigators looked into what had happened and did not recommend that Miss E should be refunded anything further. They agreed with Barclays that Miss E made the payments without a reasonable basis for believing that the company were legitimate.

Miss E did not agree. Through her representatives, she said that she had been vulnerable at the time of the scams and so was unable to protect herself from them. This would mean she was entitled to a full refund under the Code. They also said that she did have a reasonable

basis to believe that she was dealing with legitimate companies.

As no agreement could be reached, the case has been passed to me to decide.

### **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.

In deciding what's fair and reasonable in all the circumstances of the 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.

In broad terms, the starting position in law is that a bank is expected to process payments and withdrawals that a customer authorises, in accordance with the Payment Services Regulations and the terms and conditions of their customer's account. However, where the customer made the payment as a consequence of the actions of a fraudster, it may sometimes be fair and reasonable for the bank to reimburse them, even though they authorised the payment.

When thinking about what is fair and reasonable in this case, I have considered whether Barclays should reimburse more of the money Miss E lost in line with the provisions of the CRM Code it agreed to adhere to and whether it ought to have done more to protect Miss E from the possibility of financial harm from fraud.

There is no dispute here that Miss E was tricked into making the payments. But this is not enough, in and of itself, for Miss E to receive a full refund of the money under the CRM Code. The Code places a level of care on Miss E too.

### **The CRM Code**

Barclays was a signatory of the Lending Standards Board Contingent Reimbursement Model ('CRM') Code which required firms to reimburse customers who had been the victims of APP scams like this in all but a limited number of circumstances. Barclays say an exception to reimbursement applies in this case. It says that Miss E didn't have a reasonable basis for believing the company she transacted with was legitimate or was providing a legitimate service.

It is for Barclays to establish that a customer failed to meet a requisite level of care under one or more of the listed exceptions set out in the CRM Code.

Those exceptions are noted at R2(1) of the Code:

- The customer ignored an effective warning in relation to the payment being made;
- The customer made the payment without a reasonable basis for believing that: the payee was the person the customer was expecting to pay; the payment was for genuine goods or services; and/or the person or business with whom they transacted was legitimate.

*\*There are further exceptions within the CRM Code, but they do not apply in this case.*

### **Vulnerability under the CRM Code**

The CRM Code says:

*“A Customer is vulnerable to APP scams if it would not be reasonable to expect that Customer to have protected themselves, at the time of becoming victim of an APP scam, against that particular APP scam, to the extent of the impact they suffered. This should be assessed on a case-by-case basis. In these circumstances, the Customer should be reimbursed notwithstanding the provisions in R2(1), and whether or not the Firm had previously identified the Customer as vulnerable.”*

So, if Miss E was so vulnerable that she could not have protected herself from falling victim to this APP scam at the time and to the extent of the impact they suffered, it would be fair and reasonable for her to be refunded in full regardless of whether she had a reasonable basis for belief that she was dealing with a legitimate business. So, it is this question I will turn my attention to first.

*Was Miss E so vulnerable at the time of the transactions that she was unable to protect herself from this scam?*

I was sorry to read of the circumstances Miss E was in at the time of the scams. I won't go into them in depth, but Miss E had recently lost her mother who passed in 2020 whom she relied on for advice and in financial matters. I understand that this kind of bereavement must have had a profound impact on Miss E, and I would like to pass on my condolences for her loss. For this to be added to by becoming the victim of cruel and callous fraudsters on two occasions can only have made matters worse, at an already difficult time. So, I would like to pass on my sympathies for everything that has happened to Miss E.

The Code does not have a set definition of vulnerability and recognises that it is dynamic and can include things like the personal circumstances of the customer; and the timing and nature of the scam itself. I've reviewed all of the information Miss E's representatives provided to our service with regard to her vulnerability. As well as her bereavement, her representatives have also cited her age. They have also mentioned a lack of capability to effectively manage her finances, and her inexperience with technology and using the online payment services available to her. I've thought very carefully about this, and whilst I do appreciate the difficulties Miss E was going through at the time, I do not think that on balance she was unable to protect herself from these particular scams.

Whilst someone's age can make them more vulnerable to scams – this is not in and of itself enough for me to assume vulnerability. It is clear that Miss E has a good degree of computer and internet literacy or had enough support to use technology effectively. I've seen that she used email systems to communicate and share things with her son, as well as to speak to the scammers. The way the scam unfolded was about getting money back for her son's investment. There was no imminent danger or pressing need that meant she could not take time to consider her options in this case or speak with Barclays or another trusted person or institution. During this time, she was able to research the company and find them online. She understands how to use online review sites to find information about companies – as she did in this case. There is also evidence that she was able to speak with her banks – as she did about the term of the loan in this case. So, whilst I am sure that her mother's advice is keenly missed, I do not think that Miss E was so vulnerable that she did not have the tools to protect herself from this scam such that she should be reimbursed in full under the Code.

*Did Miss E ignore an effective warning in relation to the payment being made?*

Barclays have accepted some liability and have not indicated that they were relying on this exception to reimbursement here. So, the crux of what should be refunded under the provisions of the CRM Code depends on whether they fairly relied on the exception that Miss E did not have a reasonable basis for belief.

*Did Miss E have a reasonable basis for believing that she was dealing with a legitimate company?*

I have thought carefully about this, and I do think it was fair and reasonable for Barclays to rely on this exception to the presumption of reimbursement in full. I'll deal with why for each scam in turn.

### Scam 1

I believe it was fair for Barclays to rely on the exception here because:

- Miss E's son originally sent £25,000 as towards what he believed to be a legitimate investment. He then believed he had lost it. Miss E's son then sent around £98,000 into what he believed was the escrow account to try to get the money released, which they said would be refunded. They were told by the scam company that they had been unable to release his funds due to a 'plethora of issues'. They were asking for a final payment to conduct checks and if no issues were discovered, they would be reimbursed the fee with the escrow balance.
- It is unclear exactly what they thought the investment pot was worth at the point Miss E started and completed the payments – but her son had already paid significantly more than the pot would likely have been worth when Miss E started to make payments. This ought to have given Miss E cause for concern.
- Miss E paid money from her Barclays account to eight different individual's accounts throughout the duration of this scam. This again ought to have provided a cause for concern here. The company were purporting to be a legitimate business, so it would seem unusual to not only be asked to pay one individual's account, but ever changing individuals accounts certainly would not be in-keeping with a legitimate business enterprise of this type. The explanation she was given was that only £85,000 can be covered by banks against losses – but this does not really provide a suitably clear explanation for why a genuine business was operating in this manner.
- Miss E explained that the scammers told her that they were not regulated in the UK, and only they could deal with the original failed investment as this had been another unregulated company. She says neither she or her son understood what this meant. I think it would have been prudent to seek advice or look this up at the time, before committing so much money to the company.
- The company told her to lie to her bank about the purpose of her payments – to tell them that it was for building work as the money had already been taxed and it would have been taxed again. I do think it ought to have been concerning for Miss E. It would seem unusual for a legitimate company to encourage her to lie to her own bank, as a manner of not paying taxes that may be owed.

### Scam 2

I believe it was fair for Barclays to rely on the exception here because:

- Miss E had fallen victim to the same kind of scam before, and was at the time of the second scam aware that she had previously fallen victim to a scam. Having been through it before, I would have expected Miss E to have been on the lookout for the signs of this scam when 'Trading Standards' got in touch and put her in touch with the investment company who were meant to be helping her get her funds back.
- Barclays had given Miss E some scam education after the first scam when she spoke to them on the phone.

- I do appreciate that she did some online research into the named investment firm that she thought were involved in this case. She checked their details against details she had been given on Companies House. And she checked Trading Standard's number against that on the original letter against their number online. She also looked at the website for W.
- I would expect customers to undertake checks before sending funds to an investment company – such as through the FCA. Had she done so, she would have discovered a warning about the company in March 2023. Alternatively, she could have called the number on the letter to ensure that she was dealing with the genuine Trading Standards. Either of these basic checks could have prevented her loss – and when sending this much money, knowing you had previously fallen victim to a scam, it seems all the more important.
- As with the first scam, the scammers encouraged her to mislead Barclays, which Miss E did. And as above – this was in line with what the first scammer had done and was not in line with genuine business practices. I am also not satisfied that the explanation the scammer gave here was particularly plausible.

So, when considering everything, I do not think it would be fair and reasonable for Barclays to reimburse any more of Miss E's losses. I am sorry as I know this will come as a disappointment to Miss E.

### **My final decision**

I do not uphold this complaint and do not require Barclays Bank UK PLC to do anything further.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss E to accept or reject my decision before 27 October 2025.

Katherine Jones  
**Ombudsman**