

Complaint

Ms M complained that Barclays Bank UK Plc unfairly declined to fully reimburse her after she fell victim to an investment scam.

Background

In April 2023, Ms M came across an advertisement on social media which appeared to promote a cryptocurrency investment opportunity. It appeared to be endorsed by a well-known public figure. The advert claimed that an investment of £200 could yield returns of £6,000 in a short period of time. Ms M responded to the contact details in the advert and was later contacted by someone who passed her to an individual who said he was an account manager. Ms M didn't know it at the time, but this wasn't a genuine investment opportunity. She had been targeted by fraudsters.

The scammer gave Ms M the name of the company that oversaw the investment. Ms M checked Companies House but couldn't initially find the company. After asking a friend to check, they were able to find what they believed was the correct business. This gave Ms M some reassurance that the company was legitimate. She also said she believed the opportunity was genuine because it appeared to be endorsed by a public figure. She also had some background awareness of cryptocurrency, and someone she knew had invested in cryptocurrency in the past.

Ms M said she was willing to risk a small investment and believed the scammer had created an account for her on a website, where she could monitor trading. She used her Barclays account to make the following payments:

1	16 May 2023	£1,400
2	31 May 2023	£1,450
3	5 June 2023	£4,000
4	5 June 2023	£4,500
5	29 June 2023	£8,900

Ms M explained that after her final payment, she became concerned about the investment. When she tried to withdraw her funds, she saw a negative balance in her trading account. The scammer told her she would need to send further funds to retrieve her money. When Ms M refused to make more payments, the scammer ceased contact. It was at this point she realised she had likely been scammed.

She reported the fraud to Barclays on 23 August 2023. Barclays reviewed the matter under the Contingent Reimbursement Model (CRM) Code and decided to reimburse 50% of her losses. It didn't think it needed to reimburse her in full because it considered an exception under the CRM Code applied. It also paid her £150 and £200 to account for customer service problems Ms M had experienced.

Ms M explained that she has bipolar disorder and other mental health challenges, and that she was feeling depressed at the time of the scam. Her mother was unwell, and she was experiencing personal difficulties. She believes that her mental state at the time made her

vulnerable and contributed to her being defrauded. She also raised concerns about the handling of her case, including delays and requests for duplicate information while she was recovering from a hospital stay.

Ms M was unhappy with the response from Barclays and so she referred her complaint to this service. It was looked at by an Investigator who thought the settlement the bank had paid was fair. Ms M disagreed with the Investigator's opinion and so the complaint has been passed to me.

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. It's common ground that Ms M authorised these payments and so she is presumed liable at first instance.

However, that isn't the end of the story. Barclays was a signatory to the Lending Standards Board's Contingent Reimbursement Model Code (CRM Code). Under that Code, firms are expected to reimburse customers who fall victim to scams like this one, unless an exception to reimbursement applies. Barclays has argued that an exception applies, and it says that means it isn't required to reimburse Ms M in full. Instead, it has refunded 50% of her losses. Its reason for arguing that it shouldn't have to reimburse her in full is that it thinks she made these payments *"without a reasonable basis for believing ... that the person or business [she] transacted with was legitimate."*¹

I've considered the available evidence carefully, and I'm afraid I agree with Barclays that an exception applies here. I accept that Ms M sincerely believed this was a genuine investment. However, I'm not persuaded that belief was a reasonable one. The core difficulty here is that the returns being offered were highly unrealistic. I completely understand why Ms M was hopeful that this might be a way to improve her situation, especially given the challenges she was facing. But an offer to turn £200 into £6,000 in such a short period ought to have prompted her to take more caution.

Ms M took some steps to verify the company, including asking a friend to help. However, she proceeded with the payment even though the name of the company she believed she was investing with didn't match the name on the account she was paying. She also didn't ask for anything in writing, despite having some knowledge of cryptocurrency investments. I appreciate that the advertisement appeared to be linked to a well-known public figure, and that gave Ms M added confidence in the opportunity. But taking all of this together, I don't think she had a reasonable basis for believing the investment opportunity was genuine.

I appreciate that this might feel to Ms M as though I'm placing blame on her for what happened. That's not my intention. The scammers are clearly responsible for the fraud. But under the CRM Code, my role is to consider whether Ms M took enough steps to protect herself and whether the bank was right to apply an exception to reimbursement. In this case, I think it was.

I have also considered Ms M's circumstances at the time and whether she was vulnerable under the CRM Code. Under the Code, if a customer is assessed to have been vulnerable at

¹ R2(1)(c) of the CRM Code

the time of the scam in a way that materially affected their ability to protect themselves, the firm should reimburse them — even if they lacked a reasonable basis for belief. Ms M explained that she was suffering from mental health difficulties, had recently lost her mother, and was under stress. She later became severely unwell after the scam and required hospital treatment. I'm very sorry to hear how badly this has affected her, and I've taken that into account. However, from what Ms M has said about her actions and decision-making at the time of the scam, I'm not persuaded that she was suffering to such an extent during that period that her judgement was impaired. She was able to engage with the scammers, attempt to verify the company, and seek a second opinion from a friend. This suggests that, while she was under significant pressure, she was still able to make decisions and take steps to protect herself. As a result, I'm not persuaded that she was vulnerable in the relevant sense under the CRM Code.

I've also looked at the service Barclays provided to her after the scam was reported, I acknowledge Ms M's frustration. She said she was contacted multiple times for information she had already supplied, and that the bank failed to support her when she was in hospital. Barclays has accepted there were shortcomings in its handling of the case and has paid £150 and £200 to acknowledge the distress and inconvenience caused. In the circumstances, I think this compensation is fair.

I don't say any of this to downplay the fact that Ms M is the victim of a cruel and cynical scam. I have a great deal of sympathy for her and the position she's found herself in. However, my role here is to look at the actions and inactions of the bank and I'm satisfied it has applied the CRM Code fairly in this instance. I'm aware that Ms M has significant debts, partly as a result of this scam. Although I've not found that Barclays needs to refund her in full under the CRM Code, her lenders do still have responsibilities. If she's struggling to meet repayments, they are required to treat her fairly and provide appropriate support. If they don't do so, she can bring new complaints to this service about that treatment.

Final decision

For the reasons I've set out above, I don't uphold this case.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms M to accept or reject my decision before 2 July 2025.

James Kimmitt
Ombudsman