

The complaint

Mr C complains that Barclays Bank UK Plc won't reimburse the money he says he lost to a scam.

Mr C is represented in this complaint by a claims management company. For simplicity I will refer to Mr C throughout this decision, even when referencing what his representatives have said on his behalf.

What happened

Mr C engaged a contractor to do some work at his home. After some initial discussions and a site visit by the contractor Mr C agreed to go ahead with their quote for the work. He paid an initial deposit for the work in April 2022, with the agreement being that he would pay further amounts at various stages as the work progressed. In July 2022 the next payment was due, and Mr C arranged three payments to the contractor from various accounts in his name.

Around this time, the company that Mr C had initially contracted with went into liquidation, but Mr C continued to deal with the same contractor, now operating under a different business name. The third stage payment was then made to the contractor in August 2022, and then the final payment Mr C made for the work was paid on 13 October 2022. In total, Mr C paid over £78,000 for the work, around £43,000 of this was in payments made to the contractor's Barclays account.

But Mr C was becoming increasingly unhappy with how the contractor was working, he's said there were delays, supply chain issues, unfinished work, and work of a poor standard. Mr C says he was also contacted by subcontractors who had not been paid. In December 2022 Mr C arranged for the work that had been done so far to be inspected, and on identifying numerous defects and issues with the work, he engaged a new contractor to finish the job to the required standard. Ultimately, Mr C contacted Barclays, as the recipient of some of his funds, to say he felt he had been scammed by the contractor, and to ask it to consider refunding his loss under the Contingent Reimbursement Model Code.

Barclays did not agree it was liable for Mr C's loss, it said this was a civil dispute between Mr C and the contractor. Mr C remained unhappy, he maintained he was the victim of a scam. So, he referred his complaint to our service.

One of our Investigators looked into what had happened but did not feel the complaint should be upheld, they did not consider that Barclays had failed in its obligations to Mr C under the Code.

Mr C does not agree, he maintains the contractor acted fraudulently, and says there are numerous other victims of this contractor. Amongst other things, he points to evidence that this contractor has set up and then dissolved numerous interlinked businesses over time, saying that this should have been a cause of concern to Barclays. Mr C also notes that the contractor's stated business on Companies House did not match the activity on the account, and that the Insolvency Service has said it will be investigating the contractor.

As no agreement could be reached, this case has been passed to me for review.

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.

Barclays has signed up to the Contingent Reimbursement Model (CRM) Code. The Code sets out what is expected of the 'Sending Firm' and 'Receiving Firm' (in this case Barclays) when payments are made or received.

In summary, the obligations for the receiving firm state that firms should:

- Take reasonable steps to prevent accounts from being used to launder the proceeds of Authorised Push Payment (APP) scams.
- Have procedures to prevent, detect and respond to the receipt of funds from APP scams; and
- Where the receiving Firm identifies funds where there are concerns that they may be the proceeds of an APP scam, it should freeze the funds and respond in a timely manner.

So, with this in mind, I have carefully considered Barclays' obligations here. It should be noted that Barclays has shared information with this service as part of its obligations under the CRM code which has allowed us to investigate Mr C's complaint – though we are limited to what we can share with Mr C due to Data Protection laws, as this information is confidential. However, I would like to reassure Mr C that I have carefully reviewed all information provided before issuing my decision.

I set out the detail of why I have concluded this is a private civil dispute, and not an APP scam in Mr C's linked complaint against his own bank. I won't repeat those findings again here. But taking everything into careful consideration, I'm satisfied the CRM Code doesn't apply and I can't fairly ask Barclays to refund the money Mr C considers he has lost. I don't think Barclays treated Mr C unfairly when it said the payments he made were not covered by the Code as they relate to a civil dispute.

In any case, I am nonetheless satisfied that Barclays did not make any errors in opening or operating this account. It carried out its usual checks before allowing the account to be opened, and I don't think there was anything relating to the activity on the account that should have prompted Barclays to have any concerns prior to Mr C making the payments to the account. In addition, Mr C's funds did leave the account, but they were not obviously being misused in any way, and the spending on the account matched the activity one might expect of a business involved in construction.

I acknowledge that Mr C says the company was stated as being a holding company on Companies House, rather than being directly involved in the construction business, but I don't think that would have been enough to indicate to Barclays that something untoward might be going on. And even if it did, I have previously explained why I think it's more likely this was a civil dispute, so I don't think any concerns would have prevented the payments from ultimately being processed.

I've finally considered Barclays actions on receipt of notification of the scam. By the time they were made aware of Mr C's concerns, the funds had already been moved on, so none were available to be returned. And in any event, I think it would have been reasonable for

Barclays not to return any funds had they been available, as I agree it's more likely this was a civil dispute.

If in the future, new material evidence comes to light which establishes this was an APP fraud, then Mr C can ask Barclays to reconsider at that point. But as things stand, I don't think it's fair and reasonable, to require Barclays to refund Mr C.

My final decision

I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 22 May 2025.

Sophie Mitchell
Ombudsman