

## **Complaint**

Mr E is unhappy that Barclays Bank UK PLC haven't reimbursed him after reported falling victim to a rogue trader scam.

## **Background**

In early 2023, Mr E was looking to undertake major renovations to his home. He was referred to three builders and selected a company I'll refer to as M. The estimated cost of the work was around £130,000, to be completed in 18 to 22 weeks. The builder requested payment in instalments over into two separate accounts (one business and one personal). Mr E agreed and authorised a series of payments. Mr E said that once work began, things didn't go as planned. Only two workers attended the site, despite being told to expect a larger team. After ten weeks of minimal and substandard work, Mr E tried to contact the builder but received no reply.

He later discovered that the company was in the process of liquidation. Although the builder gave reassurances, Mr E found out the insolvency practitioner knew nothing about the work on his home. The builder claimed the job had been underpriced and asked for an additional £25,000. Mr E paid part of that, but then the builder said he needed a further £50,000. The builder told Mr E that materials worth around £22,000 had been purchased, including windows. However, when Mr E contacted the supplier directly, he was told that no such order had been placed in over a year.

By the time Mr E stopped making payments, he estimates only around 20% of the work had been completed, and that was to a very poor standard. A surveyor has since told him the property is unmortgageable and would only be suitable for a cash buyer. He's had to hire a new builder to complete the work at a substantial cost.

Mr E contacted Barclays to ask for a refund, but the bank declined. It said that, in its view, Mr E wasn't the victim of fraud. Instead, it considered that he had a private civil dispute with the builder. Mr E wasn't happy with that response and brought his complaint to this service. One of our Investigators looked into it and didn't uphold it. Mr E disagreed with the Investigator's opinion, so the complaint has been passed to me for 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.

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. However, that isn't necessarily the end of the story. Barclays was signed up to the Lending Standards Board's Contingent Reimbursement Model Code (CRM Code). Under that Code, it's expected to refund customers who fall victim to authorised push payment (APP) scams in all but a limited set of circumstances.

However, the Code doesn't cover all payments. It only covers payments that meet its definition of an APP scam. In the context of this case, Mr E needs to have "*transferred funds to another person for what they believed were legitimate purposes but which were in fact fraudulent.*"<sup>1</sup> The Code also specifically doesn't cover "*private civil disputes, such as where a Customer has paid a legitimate supplier for goods, services, or digital content but has not received them, they are defective in some way, or the Customer is otherwise dissatisfied with the supplier.*"<sup>2</sup>

For me to find that these payments were covered by the CRM Code, I need to be satisfied that (a) the purposes for which Mr E made this payment and the builder procured it were different; and (b) that difference was a result of dishonesty or deception on the part of the builder. The key thing I need to consider then is what the intentions of the builder were at the time the payments were made. I obviously cannot know for sure what his intentions were, so I have to look at the available evidence and see whether it allows me to infer what the builder's intentions likely were. That evidence needs to be sufficiently persuasive to allow me to conclude that it's *more likely than not* that the builder set out to defraud him.

I've seen copies of the statements for the accounts that received the payments. There's activity on those statements (such as payments to builders' merchants) that are consistent with the company at least intending to operate legitimately. I can also see that it appears to have traded without difficulties for a few years before it entered into its agreement with Mr E.

It's also significant that the conduct of the builder was reported to the police and to the relevant Trading Standards team. Each of these public authorities would have the scope to conduct a substantive investigation into the allegations against the builder and, if warranted, take legal action against him. However, neither has opted to get involved and I understand the police told Mr E that it considered this to be a civil matter. That doesn't mean that Mr E isn't the victim of fraud, but I can't ignore the conclusions that those public bodies came to.

I recognise that the quality of the work here was extraordinarily poor. Mr E has provided considerable evidence of the shortcomings of the work undertaken and an independent surveyor's conclusions suggest that it essentially did considerable damage to Mr E's home and left it unsellable. Unfortunately, the mere fact that the quality of the work was disastrous doesn't, on its own, demonstrate fraud.

I can see why Mr E has argued otherwise. The builder was evasive and made increasingly unreasonable demands for further funds. He also, towards the end of the period in which these payments were made, claimed to have placed an order for windows that appears to have been false. That might be an indication of fraudulent intent but there are other explanations that are, in my view, equally likely. It's possible, for example, that the builder got in over his head, ran out of money, and then tried to cover up his failings by lying. I know that Mr E will find this interpretation to be far too charitable to the builder. However, when looked at objectively, it's just as consistent with the facts that I've seen. In view of that, I can't fairly conclude it's more likely than not that the builder's actions were driven by fraudulent intent.

I'm enormously sympathetic to the position Mr E finds himself in. He has clearly been very badly let down by the builder and it's had a tremendously significant impact on his life. He's also out of pocket for a huge sum of money. But I'm afraid I don't think Barclays has acted unfairly in declining to reimburse him under the CRM Code.

I should add that further evidence may become available that supports Mr E's claim. I know that he's spoken to his Member of Parliament because he doesn't think that Trading

---

<sup>1</sup> DS1(2)(a) of the CRM Code

<sup>2</sup> DS2(2)(b) of the CRM Code

Standards took his initial report sufficiently seriously. If the available evidence does change, Mr E should first make that evidence available to the bank so that it can reconsider its position. If he's unhappy with its conclusions, he will be free to refer the case back to this service to be looked at independently.

### **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 Mr E to accept or reject my decision before 8 August 2025.

James Kimmitt  
**Ombudsman**