

The complaint

Mr A and Ms P complain that Barclays Bank UK PLC ('Barclays') as the receiving bank, could've prevented the losses they suffered as the result of a scam.

What happened

In late 2022, Mr A and Ms P contracted a company (who I'll refer to as L) to complete substantial building work on their property. Mr A and Ms P made payments to L between December 2022 and May 2023, but say the work hasn't been completed and the work that has been done is not of a satisfactory standard.

Mr A and Ms P raised a complaint with Barclays in August 2023 saying:

- Barclays failed to properly verify their customer (L) when allowing them to open an account.
- Barclays failed to prevent fraudulent activity on L's account and should've been concerned by the account conduct.
- Barclays failed to act quickly on being notified of a scam claim to prevent their losses.

Barclays say:

- They followed their internal policies and procedures in opening the account and met all regulatory requirements.
- They froze the beneficiary account while they investigated Mr A and Ms P's scam claim.
- They deemed the matter to be a civil dispute between Mr A and Ms P and L, based on the information they had.

Mr A and Ms P weren't happy with Barclays' response, so they brought a complaint to our service.

An investigator looked into their complaint but didn't uphold it, saying Barclays hadn't done anything wrong and couldn't have prevented Mr A and Ms P's loss.

Mr A and Ms P disagreed with the investigator's opinion saying Barclays should've been concerned based on the information that was available surrounding the directors of L. They point to the number of appointments the directors of L have in relation to other companies, and the activity of those companies. Mr A and Ms P also believe that the beneficiary account would've shown large sums of money being paid in, which was quickly paid out to accounts held by the directors or other companies – which should've concerned Barclays.

As the case couldn't be resolved informally, it 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.

Barclays are a signatory of the Contingent Reimbursement Model (the CRM Code). This sets out what is expected of the 'sending firm' and 'receiving firm' when payments are made or received. Barclays are the receiving firm in this complaint.

The CRM Code says the receiving firm should *"take reasonable steps to prevent accounts from being used to launder the proceeds of APP scams. This should include procedures to prevent, detect and respond to the receipt of funds from APP scams. 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."*

It's important to note that Barclays has shared information with our service, which I can't share due to data protection issues as it relates to a third party. However, I have taken it into account in reaching an answer on this complaint.

The account opening

I would expect Barclays to take reasonable steps to prevent accounts from being opened for fraudulent purposes, by having robust processes and checks in place in relation to opening new accounts.

From what I've seen, Barclays have followed its internal processes and completed relevant due diligence checks before opening L's account. I haven't seen any information obtained during those checks which would've suggested to Barclays that the account may be later used for fraudulent purposes. So, I'm satisfied that Barclays acted reasonably in opening L's account.

Mr A and Ms P say Barclays should've been concerned based on the linked information relating to L's directors. However, one of the directors they've referred to, wasn't a director of L when the account was opened. And, for the reasons already given, I'm not satisfied that any of the information Barclays obtained as part of their account opening process should've concerned them.

The activity on L's account

I've also considered whether Barclays should've been on notice that L was potentially carrying out fraudulent activity, or had concerns, based on the activity on L's account.

I haven't seen any evidence that Barclays contacted L at the time they received Mr A and Ms P's payments between December 2022 and May 2023. I can't share the details of what I have seen, but I'm not satisfied there was activity on L's account which should've caused Barclays to be concerned or meant that they missed an opportunity to prevent Mr A and Ms P's loss.

Did Barclays act in a timely manner once made aware of Mr A and Ms P's scam claim?

When Barclays is notified that an account has received a credit resulting from an APP scam, I'd expect it to take appropriate action in a timely manner. This includes blocking or restricting the account while it investigates and, where appropriate, returning any funds that remain.

I can see that when the scam claim was raised by Mr A and Ms P, Barclays froze L's account while they completed their investigation. As part of their investigation, they asked L

for evidence surrounding the scam claim that was raised. Based on the evidence they were given by L, Barclays deemed the matter a civil dispute between L and Mr A and Ms P.

Having reviewed this evidence, I'm satisfied that Barclays acted promptly in response to the scam claim and took the steps I would've expected. I can't fairly say that Barclays acted unreasonably in deeming the matter a civil dispute and not returning funds to Mr A and Ms P.

I'm really sorry to disappoint Mr A and Ms P, but I'm not satisfied that I can fairly hold Barclays liable for their loss.

My final decision

My final decision is that I don't uphold this complaint against Barclays Bank UK PLC.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A and Ms P to accept or reject my decision before 27 May 2025.

Lisa Lowe
Ombudsman