

The complaint

Mr O complains that Barclays Bank UK PLC won't refund the full amount of money he lost to a scam.

What happened

In 2019, Mr O was looking to make an investment and was introduced to a company investing into property development. When Mr O didn't get the returns he was promised, he logged a complaint with Barclays.

Barclays investigated Mr O's complaint but said it did not agree this was a scam and instead felt it was a failed investment, so treated the case as a civil dispute.

As Mr O remained unhappy, he brought his complaint to our service.

Our Investigator looked into things and on balance, they didn't think the evidence showed the investment company didn't intend to act in line with the agreement or pay the funds described in the contract. And instead, they she found it was more likely this was an investment that failed.

As an informal agreement could not be reached, the complaint 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.

Having done so, I have decided to not uphold this complaint. I know this will be disappointing for Mr O, so I'll explain why.

I'm very aware that I've summarised this complaint briefly, in less detail than has been provided, and in my own words. No discourtesy is intended by this. Instead, I've focussed on what I think is the significant part here. If there's something I've not mentioned, it isn't because I've ignored it. I haven't. I'm satisfied I don't need to comment on every individual point or argument to be able to reach what I think is the right outcome. Our rules allow me to do this. This simply reflects the informal nature of our service as a free alternative to the courts.

It isn't in dispute that Mr O authorised the payment he made to the investment company. Because of this the starting position – in line with the Payment Services Regulations (PSR's) 2017 – is that he is liable for the transaction.

Barclays has signed up to the voluntary Contingent Reimbursement Model (CRM) Code, which provides additional protection to scam victims. Under the CRM Code, the starting principle is that a firm should reimburse a customer who is the victim of an APP scam (except in limited circumstances).

But the CRM Code only applies if the definition of an APP scam, as set out in it, is met. I have set out the definition of an APP scam as set out in the CRM Code below:

...a transfer of funds executed across Faster Payments...where:

- (i) The Customer intended to transfer funds to another person, but was instead deceived into transferring the funds to a different person; or
- (ii) The Customer transferred funds to another person for what they believed were legitimate purposes, but which were in fact fraudulent.

I've therefore considered whether the payment Mr O made falls under the scope of an APP scam as set out above. Having done so, I don't think that it does. I'll explain why.

In order to determine if Mr O has been the victim of a scam, I have to consider if his intended purpose for the payment was legitimate, whether the intended purpose Mr O and the investment company were broadly aligned and, if not, whether this was the result of dishonest deception on the part of the investment company.

Based on the evidence available to me, it appears Mr O was intending for the funds to be invested in specific building projects around the country. He then expected to receive regular returns on his investment. The paperwork he received prior to investing appeared to be professional and detailed, and the investment company was listed on Companies House as being incorporated since 2011. So, I see no reason why Mr O would not have thought this was a legitimate investment.

I've gone on to consider whether the investment companies intended purpose for the payments aligned with what Mr O intended. I'm aware of three building projects being completed by the company.

They also had other projects ongoing, however these had to be sold to other developers after they entered into financial difficulty. On balance, I'm satisfied this shows the company was most likely a legitimate company involved in legitimate building projects and I think it's unlikely a scam company would have completed three building projects at significant cost in order to entice more funds from investors.

Mr O's representative has said the investment company paid unregulated introducers a high amount of commission which in turn made the level of interest offered to investors unlikely. However, whether or not unregulated investors were used to introduce the investment does not indicate that it set out to defraud investors of their funds, with no intention to invest the funds into building projects.

And while I have not seen evidence of the levels of commission paid to introducers, I don't think there is a correlation between the level of commission and Mr O being the victim of a scam in the circumstances.

It should be noted that the liquidator is still in the process of investigating a considerable number of transactions made from the company to various subsidiary companies, due to the way in which the network was set up. However, at the moment there is no indication that these transactions were made with the intention of hiding these funds and not using them towards development projects.

I understand that the investment company had not filed accounts since 2018, before Mr O made his investment. While it appears, the company has not managed its finances correctly, I don't think this therefore means they were conducting a scam or that they intended to scam

investors at that time. During this period in question, the investment company was completing development projects around the country, and I think this highlights that they intended to use customer's investments in these development projects.

On balance, I think the investment company intended purpose for the funds aligned with Mr O's and nothing I have seen indicates to me that it intended to defraud him. Instead, I think it's more likely this was a failed investment, So I don't think it meets the definition of an APP scam. And I think Barclays acted reasonably when it treated the case as a civil dispute.

Mr O feels that Barclays should refund the money he lost. I understand that this will have been frustrating for him. But I've thought carefully about everything that has happened, and with all the circumstances of this complaint in mind I don't think Barclays needs to pay Mr O any compensation. I realise this means Mr O is out of pocket and I'm sorry he's lost this money. However, for the reasons I've explained, I don't think I can reasonably uphold this complaint.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr O to accept or reject my decision before 16 October 2025.

Tom Wagstaff
Ombudsman