

## **The complaint**

Miss B complains that Barclays hasn't reimbursed money she paid for what she now believes to have been a scam.

Miss B has previously referred related complaints about this matter, but for the avoidance of doubt my decision solely concerns her complaint about Barclays in its role of facilitating her payments to the alleged scam.

## **What happened**

Miss B says that in 2021, she was introduced by a friend to someone who I'll refer to as Person M. Her friend had been investing with Person M, and Miss B was interested in doing the same.

Miss B says she discussed the investment with Person M and ultimately decided to go ahead. She initially made payments from accounts held elsewhere, with the first payments being made in around June 2021. It appears Miss B received some returns from this initial investment.

In November 2021, Miss B made several further payments, this time from her account with Barclays. In total, between 13 November 2021 and 19 November 2021, she made five payments totalling £12,800. Two payments went to Person M and the remainder were sent to a limited company run by Person M. The final payment she made was the largest, being for the sum of £3,500.

Miss B marked each with a payment narrative of "loan". She says this is what she says Person M told her to tell the bank.

Eventually, after Person M had failed to return her money, she pushed him for an explanation. He explained that he had been investing through a third party into a cryptocurrency-based investment scheme, but he was now having trouble withdrawing any funds. In short he said he had been the victim of a scam, and lost his own money as well as Miss B's.

Dissatisfied with Person M's excuses, Miss B reported the matter to her banks. She said she believed Person M had defrauded her.

Barclays said it thought this was a civil dispute between Miss B and Person M rather than a criminal APP Scam. It didn't refund Miss B.

Miss B was unhappy with this outcome and asked our service to review the matter.

Our Investigator looked into everything. But she didn't find that Barclays had been at fault. She reviewed the evidence available, including details provided in confidence by Person M's own banks and didn't think Barclays had been wrong to say this was a civil dispute rather than a criminal APP scam. Miss B knew Person M and appeared to have met him in person more than once. Comments made in chat between Miss B and Person M suggested that

Person M had been defrauded by a third party rather than themselves being a fraudster. It wasn't clear that this wasn't what had actually happened. Overall, the Investigator didn't think Barclays was responsible for refunding Miss B for the payments she'd made.

Miss B disagreed. In summary she said:

- Another bank had fully refunded her under the Contingent Reimbursement Model code (CRM Code). Her claim to that other bank was materially the same as her claim to Barclays. Both should result in the same outcome — reimbursement.
- The other bank had accepted it ought to have intervened at the point of her third payment to a new payee, because this had not been in line with her prior account usage. Barclays should have done the same.
- She agreed it was difficult to know what Person M's intentions had been, but thought the excuses he gave and repeated silence on his part suggested fraud. She'd been following his instructions in providing Barclays with the payment narrative she'd used.
- She hadn't reported her concerns of criminality to the police because she hadn't realised she should.

In light of this disagreement, I have been asked to review the matter afresh and make a final determination.

### **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.

This has not been a straightforward matter to decide. I have considerable sympathy for the situation Miss B is now in. She paid out a considerable sum of money in the belief she'd benefit from a profitable investment her friend had suggested to her, and she has been left with nothing to show for it.

Of course, despite my sympathy for her, I can only uphold her complaint if I think the evidence shows that Barclays is somehow responsible for refunding that loss.

And as a starting point in law Miss B is responsible for the bank transfer payments she instructed Barclays to make for her.

That being said, where the payment was the result of fraud or a scam, there are some circumstances where I might consider Barclays responsible for refunding the money lost. That could include situations where significantly unusual payments ought reasonably to have prompted a bank to intervene prior to processing the payment. It might also include the protections afforded against APP scams under the CRM Code (at the relevant time).

Both of these depend on being able to establish that the payments Miss B made to her friend were fraudulently obtained from her — in other words that she was criminally defrauded by her friend.

It is not clear what Person M's intentions were when he obtained these funds from Miss B. Person M told Miss B that he had invested with a third party who was supposedly an expert in cryptocurrency investments, but who was now telling Person M the value of his investments had plummeted and blocking his access to withdrawing the invested funds.

In other words, that he had invested his own and Miss B's funds in good faith, believing he was making a genuine investment for both their benefit, but had in fact been the victim of a scam and the money had been lost. On the face of it, that is not an implausible explanation.

That could suggest that Person M had borrowed the money legitimately from Miss B to fund what he'd genuinely believed was a legitimate and profitable investment, but which unfortunately turned out to be fraudulent.

In that scenario, Person M had been defrauded and left in a position where he was unable to repay Miss B, but he would not have scammed her. Miss B's payment to Person M would then not be the point at which her funds had been lost, they had been lost in a later payment by Person M to the investment which had turned out to be fraudulent.

That explanation would appear to be consistent with the evidence provided by Person M's banks.

To make a finding to the contrary — to find Barclays might be liable to reimburse Miss B in full or in part — I'd need to find it most likely that Person M is a criminal fraudster, someone who'd obtained Miss B's funds for what he knew to be fraudulent purposes. In doing so, I'd need to be able to exclude (on the balance of probabilities) the possibility that Person M wasn't himself an innocent victim here and had borrowed Miss B's funds in good faith.

To put this another way, what I am being asked to decide here hinges on the question of whether the available evidence shows it is most likely that Person M set out to defraud Miss B with criminal intent. The test for criminality is a high bar to meet, and as such I consider the evidence of Person M's criminality from the outset would need to be convincing.

While I've carefully reviewed the chat history provided by Miss B and considered her later points — including that Person M gave excuses for not returning the funds and went silent (amongst other factors) — I don't find these are inconsistent with the alternative explanation Person M provided.

The instruction to indicate the payments were to be a 'loan' doesn't seem to have prompted any concerns from Miss B at the time. I appreciate she has explained she was simply doing what Person M told her to do. But it seems unlikely to me that she'd have gone ahead with giving the bank this information unless it seemed to her to be at the very least close to the truth.

That tends to suggest Miss B was in some way lending money to someone she trusted, with the hope he would be able to generate very good investment returns. That doesn't seem inconsistent with Person M's later explanation to Miss B of why the 'loan' funds had been lost and couldn't be repaid to her.

The information obtained by our investigator from the banks that received the funds Miss B paid does not seem inconsistent with the explanation Person M has provided to Miss B — indeed it matches what might be expected.

All considered, and while I don't think this is a straightforward or clear cut matter to determine, I can't fairly say that the allegation of criminal fraud by Person M is the most likely explanation — rather than the alternative that Person M was tricked into a fraudulent investment himself and this was the reason for the loss of Miss B's money (as well presumably as funds belonging to Person M).

Based on the information available to me, these possibilities seem at most equally likely.

And to reiterate, for me to say Barclays was wrong here, I'd need to find convincing evidence to show the most likely explanation is that Person M was a criminal. I haven't seen that evidence.

I don't have any powers to carry out a criminal investigation into Person M. That would be a matter for the police. I understand that Miss B hasn't yet reported Person M to the police on the suspicion of his committing a fraudulent crime. It is possible that a later police investigation might reveal that Person M did defraud Miss B. But equally it might reveal that he did not.

If this changes in future – for example if Person M is later found to have carried out the fraud alleged by Miss B then I'd expect Barclays to reconsider her claim under the terms of the CRM code. But in making this decision I can only rely on the information currently available to me, and as things stand no criminal investigation appears to have taken place.

The fact that another bank has chosen to refund Miss B does not mean I can fairly require the same of Barclays. The terms of the CRM Code provide for a firm to make voluntary reimbursement even where that might not strictly be required. But another firm's choice to do so doesn't bind Barclays to do the same. And I can't fairly require Barclays to follow what another firm has done unless I thought there was enough evidence to show that it was required to do so (which, as I've set out above, I don't).

I've thought about whether there are any other reasons (besides the CRM Code) that might mean Barclays was somehow at fault or responsible for the money that was lost. But I don't consider there are any such reasons. Even if I thought for example that Barclays ought to have given Miss B a scam warning when she was making one or more of the payments and had failed to do so, I could not find it at fault for allowing Miss B to have made a payment that wasn't likely the consequence of a fraud or a scam (and I haven't found this most likely was based on the information available).

I know this will be a significant disappointment to Miss B. She has paid a large sum of money and not received back what she paid out, let alone the profits she'd expected. But I simply don't find Barclays was wrong in saying it considered this to be a private civil dispute between Miss B and Person M.

That might change if in future the police were to investigate and convict Person M of defrauding Miss B from the outset. But as things stand I can't fairly require Barclays to refund Miss B either under the terms of the CRM Code or for any other reason.

### **My final decision**

For the reasons given above I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss B to accept or reject my decision before 27 February 2026.

Stephen Dickie  
**Ombudsman**