

The complaint

Mr and Mrs G complain about Barclays Bank UK PLC.

They say that they have been the victim of a scam and would like Barclays to refund them the money they have lost under the Lending Standards Board's Contingent Reimbursement Model (CRM) Code, to which Barclays is a signatory.

What happened

In July 2020, Mr and Mrs G began looking for a builder to renovate their home. They settled on a business I will refer to as 'A'.

Works began in March 2021, and between April 2021 and April 2022 they made numerous payments for the renovation totalling £178,196.71.

However, things didn't go to plan, and they chose to terminate the contract in August 2022 because A had failed to meet the agreed deadlines, didn't provide all materials agreed and didn't complete the work as promised.

A complaint was made to Barclays, but it wasn't upheld as Barclays determined that this was a civil dispute between Mr and Mrs G and A.

Unhappy, Mr and Mrs G brought their complaint to this Service where it was considered by our Investigator.

Our Investigator explained that they agree with Barclays that this was a civil dispute – and that there wasn't enough information to say that A set out to defraud Mr and Mrs G at the time the payments were made.

Mr and Mrs G asked for an Ombudsman to make a final decision, so the complaint has been passed to me.

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 not to uphold this complaint. I know this will be disappointing for Mr and Mrs G, and I am very sorry for the situation they find themselves in. I can fully understand that they would want to attempt to recover the money that has been lost – I am also aware that in order to remedy the poor work that A completed will cost them a lot of money on top of the money they have already paid out.

However, my role is to decide if Barclays needs to refund them the money they have lost, and I'm afraid that I can't say that it does.

It isn't in dispute that the payments made to A were authorised. Because of this the

starting position – in line with the Payment Services Regulations (PSR's) 2017 – is that Mr and Mrs G are liable for the transactions. But they also say that they have been the victim of an authorised push payment (APP) scam.

Barclays has signed up to the voluntary 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 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.*

The CRM Code is also explicit that it doesn't apply to private civil disputes. The wording in the code is as follows:

"This Code does not apply to:

- b) 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."*

I've considered whether the payments made to A fall under the scope of an APP scam as set out above – and having done so I am not persuaded that they do. I'll explain why in more detail.

I'm satisfied that Mr and Mrs G intended to pay A – and that their funds were received by A, so I can't say that they were tricked into sending funds to a different person or business.

Therefore, what is left for me to decide is if A deliberately set out to defraud Mr and Mrs G from the outset. As our Investigator has already explained the threshold to prove this is high, requiring a burden of proof that is difficult to provide.

From the information I have been provided, significant work was completed at Mr and Mrs G's property over an extended period of time. While I recognise that some of the work requires remedy – this doesn't suggest to me that A deliberately set out to scam Mr and Mrs G out of their money – rather that the quality of what was provided was not satisfactory – which as I have set out above is not covered under the CRM Code.

I also understand that Mr and Mrs G are also not happy that they have paid for materials not received and work not completed – however it isn't uncommon for businesses to run into financial difficulties or obstacles such as labour and material shortages, which A seems to have told Mr and Mrs G about during its correspondence with them. I am also aware that the deadline in the contract was not guaranteed, so I can't say that these issues amount to a scam either.

I am also aware that Mr and Mrs G say that their money has been used by A to build and sell a different property, but I cannot agree that this means they have been scammed out of their money. It is possible for multiple projects to run at the same time, and Mr and Mrs G did have substantial work done on their own property – albeit not to the standard they expect.

As part of my review of this complaint, I have also seen information from the bank which received Mr and Mrs G's money (A's bank). The intention being to see if there was anything

that would suggest that A was not running as a genuine business. While it is not possible to release the information that has been provided, nothing I have seen suggests that A was running as a scam at the time the payments were received. Instead, it shows that the activity on the account was consistent with what would usually be expected of a business involved in construction.

So, overall, I am not persuaded that Mr and Mrs G have fallen victim to a scam, but unfortunately the building work they undertook has not gone to plan. This doesn't mean to say that they don't have reason to be aggrieved with A – but it does mean that I am not able to direct Barclays to refund them under the CRM Code. They may wish to pursue this as a civil matter.

Finally, I am aware that there is an ongoing investigation with Trading Standards into A. Mr and Mrs G haven't shared this information with this Service, and although we have reached out to the relevant department, we have received no further information about this. It is possible as a result, further information may come to light that could suggest that A was running as a scam. At such time, Mr and Mrs G can refer the matter to Barclays again and ask it to reconsider their complaint, and if they are not happy about this then bring the matter back to this office.

My final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs G and Mr G to accept or reject my decision before 13 January 2026.

Claire Pugh
Ombudsman