

## **The complaint**

Mr B complains that Barclays Bank UK PLC (“Barclays”) won’t refund money he lost when he fell victim to an investment scam.

Mr B is being represented by a claims management company.

## **What happened**

The full details of this complaint are well known to the parties and have been previously set out by the investigator. I’ll therefore provide an overview and focus on giving my reasons for my decision.

In February 2022, Mr B made three payments totalling £5,200 from his Barclays account in connection to what he thought was an investment opportunity, but which he now believes is a scam. He says he was introduced to the broker, which I’ll refer to as “T”, by a long-term friend. Mr B received a comprehensive overview of how everything worked and attended a few webinars. He understood he could earn between 6-8% monthly returns on his investment.

Mr B was told to send the funds to his introducer friend for onward deposit into his account with T as it was quicker and easier to set up the investment that way. He made the first payment to this individual, before sending a second payment to them through a family member. He’s explained he had to do this as he could only send a certain amount each day to a new payee. The third payment, made the next day, went directly to Mr B’s friend. Mr B states that T later converted everyone’s holdings into its own cryptocurrency coin, and all communication stopped when the cryptocurrency coin became worthless. When he couldn’t withdraw his investment, Mr B realised he’d been scammed.

Mr B complained to Barclays in 2024 about the bank not protecting him from falling victim to a scam. It didn’t uphold the complaint and said he hadn’t contacted the bank about the matter prior to raising a complaint. As such, it hadn’t investigated nor decided on whether to refund him. Barclays asked Mr B to contact the bank to raise a claim and provide further information. Unhappy with this response, Mr B referred the matter to our service.

One of our investigators looked into Mr B’s complaint and concluded that Barclays didn’t need to take any action. They said they hadn’t seen sufficient evidence to persuade them that T was operating a scam. But even if they concluded that it was, Mr B’s payments went to a friend and family member, so there wasn’t anything unusual about the transactions such that Barclays ought to have handled them differently. The investigator also explained that the Lending Standards Board’s Contingent Reimbursement Model Code (“the CRM Code”), which requires signatories such as Barclays to reimburse customers who are victims of authorised push payment (APP) scams in all but a limited number of circumstances, wouldn’t apply to Mr B’s payments as he paid genuine recipients.

Mr B’s representative disagree with the investigators findings and have provided a substantial response in their appeal. They believe the information they’ve provided demonstrates that T was operating fraudulently, and this would have come to light had

Barclays intervened. Mr B's representative also argue that payments to mule account are covered under the CRM Code, so they apply to his payments.

### **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.

I'd like to reassure the parties that although I've only summarised the background to this complaint, so not everything that has happened or been argued is set out above, I have read and considered everything that's been provided.

Mr B hasn't provided much by way of evidence that his funds were invested with T. All that has been provided are some screenshots of messages he sent to his friend prior to making the payments. I haven't seen anything that connects Mr B to T. But even if I put this lack of evidence of loss to one side and accept that Mr B's money ended up with T, from what his representative have explained about the payment journey, the CRM Code wouldn't apply here if I were to make the finding that he's been the victim of an APP scam. I'll explain why.

We've been told that the friend, who Mr B has known for more than 20 years, didn't realise T was operating a scam and so they were also affected by its actions. Given the relationship between him and his introducer friend, it seems to me that when Mr B transferred the money to his friend it was still under his (and his friend's) control. And that control was only lost when the friend sent Mr B's money to T's account. The CRM Code only applies to certain types of payment made, in pounds sterling, between accounts based in the UK. But Mr B's representative have said that introducers sent funds to international accounts held by T. In the circumstances, where the funds were lost to an international account, the CRM Code doesn't apply.

Not every complaint referred to us and categorised as an investment scam is in fact a scam. Some complaints simply involve high-risk investments that resulted in disappointing returns or losses. Some traders may have promoted these products using sales methods that were arguably unethical or misleading. However, while customers who lost out may understandably regard such acts or omissions as fraudulent, they don't necessarily meet the high legal threshold or burden of proof for fraud, i.e. dishonestly making a false representation and/or failing to disclose information with the intention of making a gain for himself or of causing loss to another or exposing another to the risk of loss (Fraud Act 2006).

I've done my own research into T, and I can see that it was incorporated in an overseas jurisdiction and was regulated by the financial services regulator in that jurisdiction at the time of the disputed payments. T remains regulated although it trades under a different name now. While regulatory requirements can vary from one jurisdiction to another, a scammer is highly unlikely to submit itself to any kind of regulatory oversight, given the real risk of its true purpose being discovered.

I accept that T may not have been regulated to offer services in the UK at the time of Mr B's payments. I also acknowledge that prior to his payments, two overseas regulators had issued alerts about T about offering services in their jurisdiction without license. And, in 2023, its regulator took steps to address management issues and concerns regarding shareholder influence. This information does indicate that there may have been some poor business practices in some areas. But it's not enough evidence that T was set up to defraud customers.

I appreciate that Mr B's representative have provided detailed submissions to support their position that T was operating a scam. But even if I were to accept that Mr B was scammed,

I've already explained why his payments wouldn't be covered under the CRM Code. And considering longstanding regulatory expectations and requirements for Barclays to have been on the look-out for the possibility of fraud and to have made additional checks in some circumstances, I'm not persuaded that the bank ought to have made enquires of Mr B before processing Mr B's payments. Having considered when they were made, their value and who they were made to, I don't think the payments ought to have flagged as suspicious to Barclays.

I realise Mr B will be significantly disappointed with my findings. But, for the reasons given, it wouldn't be fair of me to hold Barclays responsible for the loss he alleges.

### **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 B to accept or reject my decision before 6 May 2025.

Gagandeep Singh  
**Ombudsman**