

## The complaint

Mr D complains that Barclays Bank UK Plc didn't do enough to stop him losing money to a scam.

## What happened

The detailed background to this complaint is well known to both parties. So, I'll only provide a brief overview of some of the key events here. In 2020 and 2021 Mr D says he was the victim of a scam. He was introduced to an 'investment opportunity' with an individual who he believed was in the early stages of setting up a hedge fund.

Mr D says he was shown evidence that this individual was making the 10% monthly returns he said he could achieve. He decided to invest and as a result made a series of payments from his Barclays account. These went to different accounts in the names of two individuals, T and K, who were associated with the 'investment' opportunity.

The below table includes relevant payments and events in relation to this complaint.

Payment Number	Date	Event	Amount	Notes
1	8 April 2020	Faster Payment to T	£50,000	Into T's Barclays account.
2	8 April 2020	Faster Payment to T	£20,000	Into T's Barclays account.
3	5 May 2020	Faster Payment to T	£50,000	Into T's Barclays account.
4	6 May 2020	Faster Payment to T	£35,000	Into T's Barclays account.
5	10 June 2020	Faster Payment to T	£50,000	Into T's Barclays account.
6	10 June 2020	Faster Payment to T	£50,000	Into T's Barclays account.
7	11 June 2020	Faster Payment to T	£50,000	Into T's Barclays account.
8	11 June 2020	Faster Payment to T	£50,000	Into T's Barclays account.
	15 June 2021	Returns paid from K	+£10,000	From K's account with 'H'
	20 July 2021	Returns paid from K	+£10,000	From K's account with H
9	5 August 2021	Faster Payment to K	£30,000	Into K's account with H
10	13 October 2021	Faster Payment to K	£30,000	Into K's account with H
11	14 October 2021	Faster Payment	£9,000	Into K's account

		to K		with H
12	14 October 2021	Faster Payment to K	£2,000	Into K's account with H
13	22 October 2021	Faster Payment to T	£15,000	Into T's account with H
14	8 November 2021	Faster Payment to K	£5,000	Into K's account with H.

When Mr D found he was unable to make further withdrawals from his investment, he says he realised he'd likely been scammed and he reported this to Barclays. Initially Barclays declined his claim for redress, and Mr D complained. In Barclays complaint response they accepted that they'd incorrectly assessed his claim for reimbursement. They paid him £45,500 (plus 8% simple interest) under the Lending Standards Board's Contingent Reimbursement Code (CRM Code), they said this was because whilst they should've done more they also didn't believe Mr D had done enough due diligence prior to making his payments. This represented 50% of the payments Mr D had made on and after 5 August 2021. Barclays also paid £150 compensation for the impact of not having initially correctly considered Mr D's claim.

In total Mr D paid £446,000 towards the scam. He received £20,000 in returns and Barclays has already paid him £45,500 leaving his outstanding loss as £380,500.

Mr D also complained to Barclays in their capacity as the receiving bank as they'd provided an account to T. Mr D didn't think they should've opened an account for a scammer, and he believes they've likely failed in their monitoring of that account, and to do enough to help recover his money when the scam was reported. I'm also considering a linked complaint against H in relation to the accounts they provided to T and K and which Mr D paid as part of the same overall scam.

The matter was referred to our service and one of our Investigators looked into Barclays actions as the sending bank. In that context she recommended that they pay Mr D 50% of his outstanding loss, plus 8% interest. But as the actions of the recipient banks (which includes Barclays) hadn't yet been considered, the matter couldn't be resolved at that stage and was passed to me to decide.

In April 2025 I issued a provisional decision part of which I've copied below:

*"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'm intending to reach a different outcome compared to that of our Investigator, and so I'm issuing this provisional decision to give both sides a further opportunity to comment before finalising my decision.*

*The starting point under the relevant regulations and the terms of Mr D's account is that he is responsible for transactions he's carried out himself. However, Barclays are a signatory to the CRM Code and, taking into account regulators' rules and guidance, codes of practice and what I consider to have been good industry practice at the time, they should have been on the lookout for unusual and out of character transactions to protect their customers from (among other things) financial harm from fraud.*

*I've first considered whether Barclays should refund Mr D under the provisions of the CRM Code. Barclays seem to be seeking to rely on one of the exceptions to reimbursement:*

- Mr D made the payments without a reasonable basis for believing that they were for genuine goods or services; and/or the investment opportunity with T was legitimate.

*Did Mr D hold a reasonable basis for belief?*

*I've considered this point carefully and having done so, I've decided that Mr D didn't have a reasonable basis for believing that the investment scheme was legitimate.*

*Mr D's told Barclays and our service on numerous occasions that he hadn't received any returns from his 'investment'. And relatively recently (in October 2024) he disclosed that he did in fact receive the £20,000 worth of returns as detailed above. Mr D explained this by saying that until discovering this in October 2024, he had no recollection of receiving those payments.*

*I appreciate that memories will fade over time. And I also accept that Mr D has provided some medical evidence to show how he has been impacted by this whole situation. I've also taken account of the fact that Mr D has provided a lot of documentary evidence which broadly supports what he says has gone on. This is in the form of message exchanges between him and T and evidence of the movement of money in line with what he's outlined.*

*Taking all these factors together, means I don't think Mr D is an entirely unreliable witness. But, I do find it implausible that he would've forgotten receiving £20,000. If there had been a payment missed amongst several being made, I would find that more understandable. But it seems there is quite a fundamental difference between never receiving returns at all, and getting a not insignificant amount of money back. The net result of all of this is that it does lessen the weight I'm able to put on Mr D's testimony as reliable and credible.*

*I understand that Mr D was introduced to the opportunity by some longstanding friends, one of which he says he's known for 35 years. And that he also had a personal connection to K. He also says that he had numerous meetings with T and K and everything seemed genuine. So I can understand why this might have given Mr D some reassurance.*

*Mr D says he was shown some evidence of the returns others were receiving which further convinced him the investment opportunity was real. However, as part of reviewing this complaint (and others linked to it), I've had sight of bank statements for accounts held at various businesses by both K and T. And these don't support that at the relevant time, significant amounts of money (that likely would've been in line with 10% monthly returns) were paid to the people Mr D has mentioned. This, combined with what I've said above about the reliability of Mr D's testimony means I'm not persuaded he saw real payments into the bank accounts of others.*

*Further to this, part of our Investigator's reasoning was that she thought Mr D should have found it unusual that he didn't ever receive the 10% monthly returns he was promised. Mr D has since explained that his intention was to 'compound' his returns. Which is why he didn't want withdrawals initially. So, it's clear that Mr D has a level of understanding about the effects of compound interest. And based on the sum he'd invested in a little over two months (between April and June 2020) if the promised returns were to be believed, that alone would have left him with over £10M in just three years. And the contract he's shared between him, T and K shows that this return was guaranteed, that is, there was no downside risk. The test in the CRM code allows me to take account of Mr D's characteristics. And as someone who had held senior jobs, had invested previously (albeit primarily in mainstream stocks and shares) and who clearly understood compound interest, I think this was simply too good to be true for it to be reasonable for him to have thought it legitimate.*

*With the above in mind, I think it has been established that the exemption to reimbursement*

*applies and Barclays can fairly reduce the amount they should pay under the CRM Code.*

*Has Barclays met the firms' standards under the CRM Code?*

*The CRM Code says that where firms identify authorised push payment (APP) scam risks in a payment journey, they should provide effective warnings to their customers. This should include appropriate actions for the consumer to take to protect themselves from APP scams. I'm satisfied that the payment(s) made presented an APP scam risk here. Whilst I acknowledge Mr D had made payments of similar values previously; those all appear to have been to a share dealing platform that he used. And the first payment towards the scam was a significant payment to a new payee. New payees do present an additional risk compared to those who've been paid previously over a period of time. I've therefore considered whether Barclays met its standards by providing an effective warning in these circumstances.*

*Barclays have confirmed that when Mr D made his first payment for £50,000 he selected the payment purpose of 'friends and family'. Given the way in which Mr D was introduced to the 'investment', whilst I understand why Barclays have questioned why Mr D didn't select 'investment', I don't think it was unreasonable that he selected the option he did. I say this as he had a personal connection with those involved. Barclays also confirmed that Confirmation of Payee (CoP) also showed the payments were going to accounts in the names Mr D expected to pay.*

*Barclays provided some warnings in relation to the payments Mr D made. There was one warning for the initial payments across April and June 2020 and another in October 2021. The warnings were similar and I don't think either were particularly impactful. They asked Mr D how well he knew the individual he was paying and they also mentioned being approached through social media. The warnings didn't go into any detail about how scams involving friends and family might work or what checks could be made. They also didn't deal with the consequences of proceeding after reviewing the warning.*

*In light of all the above, I don't think Barclays met the requirement to provide an effective warning under the CRM Code. I've no reason to think Mr D wouldn't have answered honestly about the payments he was making given he entirely believed it to be genuine at the time. And had he explained (or shared) the nature of the contract between him and T, I think Barclays quickly would've identified this as a scam, on the basis of the returns against a zero-risk investment being entirely implausible.*

*Has Barclays met the firms' standards under the CRM Code as the recipient bank?*

*Barclays also provided T with an account to which Mr D made many of his payments. And Mr D has complained that Barclays allowed a scammer to open an account, and that they failed to appropriately monitor that account as well as do enough to try to recover his funds, so I'll go on to address these points here."*

*I then went on to explain why our service could only consider Barclay's actions in relation to the recipient account that took place on or after 31 January 2019 (under our jurisdiction rules) before continuing with:*

*"In the circumstances here, in the months prior to April 2020 (when Mr D made his payments to this account) there had been a significant uptick in the amounts crediting the account. This included around £70,000 crediting the account in January 2020, and around £57,000 in both February and March 2020. This is in contrast to the credits to the account throughout 2019 which were for far lower amounts, sometimes as little as a few hundred pounds per month. I acknowledge that during 2019, the account type was amended to a premier banking*

account, something which might commonly be followed by an increase in the sums passing through an account. But even taking that into consideration, given there was such a significant change, in line with Barclays obligations to monitor the accounts they provide, I think that by no later than April 2020, they ought to have reviewed the account. They then would have seen that many of the payments crediting the account had references such as 'trading', 'investment contract' and 'forex'. There also don't seem to have been any regular incoming payments from wages, dividends or similar.

It quickly would've been apparent that the account was likely being used for some sort of business, most likely involving investments or trading. But the way in which the funds were being spent, meant they didn't seem to be being invested or put onto any platform. I'd reasonably have expected Barclays to have sought clarity from their customer on how the account was being used. And as I don't think the accountholder would've been able to evidence he was investing those funds for others, as he had been claiming. I think an opportunity to prevent the scam through the monitoring of the account (and an appropriate response) was missed. As such, I think Barclays also failed against the expectations under the CRM code as the recipient bank in relation to all the payments Mr D made into T's account with them.

For completeness, the money Mr D paid into the Barclays account was all spent / withdrawn long before the scam was reported to Barclays, so I don't think they reasonably could've done more to try to recover the funds from their account at that point.

Putting things right-

Payments One to Eight (inclusive)

For the reasons set out above, I think Barclays failed against the expectations for firms as both the sending and recipient bank under the CRM Code. And I also think that Barclays has established an exclusion to full reimbursement as Mr D didn't have a reasonable basis for believing the opportunity to have been genuine. In circumstances like this, the CRM Code sets out that the customer should receive 66% of their loss. This is usually with the sending and recipient bank paying 33% each. But for these payments, Barclays were both the sending and recipient bank so it should all be paid by Barclays. And I think this is a fair way to put things right in relation to these payments. So, the initial position is that I'm intending to direct that Barclays pay Mr D 66% of his loss arising from payments one to eight inclusive. And as Mr D has been without the use of those funds in the meantime, I think 8% simple interest should be added. This should be calculated between the date of each payment and the date of settlement.

However, I also need to take account of the fact that shortly after these payments, Mr D received two payments of £10,000 back from the scam. In the circumstances of this complaint, I think the fairest way to take account of that £20,000 is by allowing Barclays to take £2,500 off each of the eight payments, prior to calculating the 66% (and interest) they need to pay. I say this as there is no evidence of a real investment for these sums to have been returns from. Also these payments came from K's account with H, not the Barclays account Mr D had paid. And as an informal alternative to the courts with a fair and reasonable remit, I think this represents a sensible way to take account of the payments Mr D received in this specific case.

Payments 9 to 14 (inclusive)

For these payments, Barclays has already paid 50% of Mr D's loss plus interest. And as the recipient accounts for these payments was H, not Barclays, there isn't a fair and reasonable basis upon which I could expect them to do more than they already have. So I'm not

*intending to find that Barclays need to do more in relation to these payments.”*

Mr D responded to my provisional decision with some further comments which I'll address below. Barclays didn't respond.

### **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.

The crux of Mr D's response is that he thinks he should receive 100% reimbursement. Mr D says he didn't try to hide the returns. I acknowledge that (in October 2024) Mr D did volunteer the information about the credits he'd received. But in his initial submissions (sent on his behalf by his former representative) it does clearly state that no returns were received. I also acknowledge the impact being a victim has had on Mr D, particularly with the sums involved. If I had serious concerns over the validity and honesty of Mr D's evidence, it would be questionable as to whether it would be fair and reasonable to uphold the complaint at all. That isn't the case. But I maintain I think it's more likely than not that Mr D would've known that £20,000 had been received (even where this is a small amount of the total amount lost). But this isn't in and of itself a major decisive factor in the outcome that I've reached. I'm merely pointing out that when balancing and assigning weight to all the available evidence, the fact that Mr D said different things at different times (whilst acknowledging that he did later volunteer the information) means that it does still lessen the weight I feel I can place on his testimony evidence.

Mr D reiterated that he was in contact with many investors and knew some of them were receiving returns. He also highlighted how some of his long-standing acquaintances had received money from the 'investment'. He also says that K had shared evidence of payments being made. Mr D has submitted some spreadsheets of the returns of others to support what he's said. Mr D has also submitted a further contract between him T and K which doesn't include a guaranteed 10% return. This is dated from January 2021 and contrasts with his initial contract from April 2020 which did include the guarantee. Mr D says the initial 'guarantee' was to reward early investors and was always intended to be changed once the 'hedge fund' was up and running. Mr D also says that compound interest isn't 'advanced financial knowledge' and he doesn't think his understanding this should negate his position of reasonable belief.

I've considered all these points and have given this matter careful consideration. And I accept this is a finely balanced point. But in making my decision, I've put weight on the 'initial' guaranteed nature of the 'investment', the projected returns that Mr D would've expected on that basis and the apparent lack of experience of T who on the face of it had found a way to generate astonishing returns, far in excess of what could reasonably be expected from even investment professionals. I've acknowledged the conversations Mr D says he had, and the personal connections. But weighing these factors, I'm still more persuaded that it can't fairly be said that Mr D had a reasonable basis for believing this opportunity to have been genuine and legitimate.

Mr D has also raised that he was vulnerable. The CRM code does include specific provisions for vulnerable consumers. I've considered all he's said in this regard. But given the rest of Mr D's statements about the conversations he had at the time and the diligence he says he conducted, alongside the rest of the information on the case, I'm not persuaded that he meets the CRM code definition of being vulnerable. Nor that it would 'not be reasonable to expect him to have protected himself' in line with the same definition. So, this doesn't change my mind as to the outcome of this complaint.

Mr D also says that he thinks Barclays ought to have taken action sooner in relation to the account T held with them. My provisional decision highlighted that I didn't think Barclays had met the expectations on them as the recipient bank under the CRM code, so I have no further comments on this point.

Overall, having considered all Mr D has said, for the reasons set out above, I'm not persuaded to deviate from the outcome of my provisional decision.

### **My final decision**

For the reasons I've explained, my final decision is that I uphold this complaint in part.

Barclays Bank UK Plc must pay Mr D 66% of his loss arising from payments one to eight inclusive (as set out above). But before doing so, Barclays may deduct £2,500 from each of those eight payments prior to calculating the 66% (and interest).

8% simple interest should be added and paid by Barclays. This should be calculated between the date of each payment and the date of settlement.

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

Richard Annandale  
**Ombudsman**