

## **The complaint**

Mr B complains that Barclays Bank UK Plc won't reimburse him after he believes he fell victim to a scam.

## **What happened**

Mr B owned a flat and wanted some work done on it. He posted his job online, on a website that connected customers with tradesmen, and was contacted by a business, which I'll refer to as 'S', with a quote.

Mr B did not live at the flat, and so communicated with S by messaging. S told him that work was being completed and provided some evidence of what had been done. But when Mr B sent a friend to check on the progress, they said that materials had not been supplied and the work had not been done as agreed.

In total Mr B paid S £8,098.40, all but £2,700 of this amount was paid from his Barclays account. Mr B has since discovered that subcontractors were engaged to do much of the work, but that they were not paid. When Mr B challenged S about the lack of progress S stopped responding to him.

On this basis, Mr B considered he had been scammed, and contacted Barclays to raise a claim. Barclays looked into what had happened but didn't think it was liable to refund Mr B. It didn't think it had been established that Mr B had been the victim of an Authorised Push Payment (APP) scam. Rather it thought this was a private civil dispute between Mr B, and S.

Mr B disagreed and so referred the complaint to our service. An investigator considered the complaint. Overall, they didn't consider there was sufficient evidence to conclude that S had intended to scam Mr B from the outset. This was on the basis that some work had been done at the property. They therefore didn't consider Barclays was liable to refund the losses Mr B had incurred.

Mr B disagreed with the investigator. He's provided a substantive number of points on this matter but to summarise some of the key points for consideration, he's stated that:

- Individuals linked with S appear to have a history of opening new businesses, registering them on Companies House, and then dissolving them a short while later.
- Many of these apparently liked businesses have numerous poor reviews about their business practices.
- The website where Mr B found S has said it had other complaints and was investigating S, S has since been removed from that website.
- Less work was done than S had claimed, and Mr B had to engage new contractors to complete that work. Other work that was done by subcontractors engaged by S was subsequently damaged by those subcontractors as they had not been paid.

As Mr B disagreed with the investigator, the complaint was referred to me for a decision.

I issued my provisional decision on this case on 27 February 2025, explaining why I considered it should be upheld. Both Mr B and Barclays have since confirmed they accept those provisional findings.

### **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.

In my provisional decision I explained the following:

*“Barclays is a signatory of the Lending Standards Board Contingent Reimbursement Model (CRM) Code which requires firms to reimburse customers who have been the victims of authorised push payment (APP) scams in all but a limited number of circumstances. However, the Code specifically doesn't apply to civil disputes.*

*For a payment to be covered by the CRM Code, it must meet the definition of an APP Scam under the CRM Code. In this context, that would require that the very purpose for which S procured the payments was different to what Mr B believed, due to dishonest deception. This can be difficult to determine, even with the benefit of hindsight and I don't dispute that this is a finely balanced case. However, based on the evidence Mr B has provided, I'm persuaded it's more than likely that S did intend to scam Mr B from the outset and that his complaint is therefore covered by the Code. I say this because:*

- *While I can't share any details of what I have seen, I have looked at statements for S's account, where Mr B sent his money. Those statements don't, in my view, show any clear evidence that S was carrying out the kind of business it claimed to be engaged in. Or that it used Mr B's money to pay for any materials.*
- *Mr B has identified various linked companies that appear to have been set up by the same individual as S. And I have also been able to track down this information on Companies House. The pattern of these businesses – being set up and registered, only being open for a short time, and then being dissolved before a new business is set up – does not suggest legitimate business practices to me.*
- *Mr B has provided evidence of subcontractors who confirmed they hadn't been paid the agreed funds for his work as well as other jobs. I am also aware that the subcontractor who fitted the floor at Mr B's flat subsequently returned to the property and damaged the floor beyond repair, because they had not been paid. Mr B has also said that he asked for more expensive underlay to be used, and the subcontractor was told to buy one pack of this to make it look like it had been used, when in fact cheaper materials had been used for the majority of the flooring.*
- *Mr B has provided proof that he had to engage new contractors to complete the work properly and to do the jobs that were not started.*

*Barclays has argued that a service, albeit not a good service, was provided to Mr B. But while I don't dispute this, it's also a known tactic in building scams for some work to be done in order to induce the victim to pay further funds. With everything I have seen, I think there is enough evidence here to suggest that S was not running a legitimate business, and that they set out with the intent to scam Mr B out of his money (and to scam the subcontractors by not paying them).*

*For these reasons I'm minded to conclude that Mr B was the victim of a scam as defined by the Code, and that S's intention from the outset was to procure funds by dishonest deception.*

*I've therefore gone on to consider Barclays obligations to Mr B under the CRM Code.*

## *The CRM Code*

*As mentioned, Barclays is a signatory of the Lending Standards Board Contingent Reimbursement Model (CRM) Code which requires firms to reimburse customers who have been the victims of authorised push payment (APP) scams in all but a limited number of circumstances.*

*Under the CRM Code, a bank may choose not to reimburse a customer if it can establish that:*

- The customer ignored what the CRM Code refers to as an “Effective Warning” by failing to take appropriate action in response to such an effective warning.*
- The customer made payments without having a reasonable basis for believing that: the payee was the person the Customer was expecting to pay; the payment was for genuine goods or services; and/or the person or business with whom they transacted was legitimate.*

*Further exceptions outlined in the CRM Code do not apply to this case.*

*I've considered whether Mr B ignored an effective warning, and I note here that Barclays has said it provided Mr B with a warning relating to payments to tradespeople or for building work. This did include specific warnings about some of the hallmarks of such scams, including to be cautious of cold calls or visits saying work needs to be done urgently. But Mr B had sought out S's services himself, so these points would not apply. The warning also said to not pay a tradesperson until work had been done, but while Mr B did pay a deposit, he made further payments only after being sent photographs which suggested work was being completed.*

*So, even if the warning Barclays gave was considered 'effective', when factoring in whether Mr B took appropriate action in response to the warning, I think he did. He waited for work to commence, as advised, before making further payments, had found S on a reputable website, and hadn't been cold called or told that extensive unexpected work needed doing. Ultimately, I don't think it was evident at this point that Mr B was falling victim to a scam.*

*I've also considered whether Mr B had a reasonable basis for believing the payments he was making were legitimate. Based on how this scam unfolded, I think he did. Mr B has explained how S gave the illusion that work was progressing as agreed, and the use of unpaid subcontractors added to that illusion as work was done (albeit that it was later largely undone).*

*And having looked at each stage of the scam, I don't think there's any moment that can be pinpointed to where Mr B ought to have had concerns, until the stage where he did begin to worry about the level of progress and so sent someone to check on the flat in person. Even in hindsight Barclays has suggested there is insufficient evidence to suggest this is a scam – and I can therefore understand why Mr B did not identify this until later on.*

*Lastly, I've considered whether, as Mr B did have some work carried out on his flat, there should be a deduction from the redress he is due to avoid over-compensating his losses. However, from the evidence provided by Mr B I don't think this would be fair. It's clear that Mr B has had to pay to put right much of the work that was done, and other successful completed work was minimal. I therefore haven't concluded that he received any overall benefit from the work completed.*

*With all of this in mind I am currently intending to uphold this complaint and to direct Barclays to refund Mr B's loss, plus 8% interest from the date it declined his scam claim."*

As both Barclays and Mr B have accepted my provisional decision, I see no reason to depart from the findings set out above.

### **Putting things right**

To resolve this complaint Barclays should now:

- Refund the money Mr N lost to the scam - £5,398.40
- Pay 8% simple interest per annum on that amount from the date it declined Mr B's claim to the date of settlement.

### **My final decision**

I uphold this complaint. Barclays Bank UK Plc should now put things right in the way I have set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 3 April 2025.

Sophie Mitchell  
**Ombudsman**