

The complaint

Mr A complains that Barclays Bank UK PLC won't reimburse him after he made payments to a car dealership, that he now considers to have been a scam.

Mr A is professionally represented in bringing his complaint, but for ease of reading I'll refer to all submissions as being made by Mr A directly.

What happened

The background to this complaint has already been set out in length by our investigator, so I won't cover it in detail again. But briefly, this complaint relates to payments Mr A made to a car dealership I'll refer to as 'S', that he'd used for a number of years for car services. In January 2023, Mr A made payments by bank transfer to purchase a used car from S – however after making the payments, Mr A identified that the car he'd paid for had outstanding finance.

For around a year, S told Mr A it was attempting to resolve the outstanding finance issue, and for the majority of this time provided Mr A with a courtesy car. At the end of 2023, S told Mr A it had another suitable vehicle available that it could instead sell to him if Mr A paid a further £5,000 – based on the car's higher specifications. This car again had finance on it, but Mr A understood this to be 'holding finance' and easily resolved.

Mr A paid the additional £5,000 by credit card (which he has been reimbursed for), but again was left chasing S for when the finance would be cleared. Around two months later S went into administration and as a result, Mr A has been left without a vehicle - and without a return of funds paid for the first car purchased from S.

Mr A raised a claim with Barclays, but Barclays determined this was a civil dispute between Mr A and S. Mr A remained unhappy and referred his complaint to our service. An investigator considered things but didn't think there was sufficient evidence to determine that S intended to defraud Mr A from the outset.

Mr A disagreed with the investigator's view. He provided examples of other case law he considers relevant to this case, as well as reasons why he considers S used dishonest deception here to obtain funds from Mr A.

As Mr A disagreed with the investigator's view, the complaint has been referred to me for a final decision.

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'm aware that I've summarised this complaint and the responses briefly, in less detail than has been provided, and in my own words. No discourtesy is intended by this. Instead, I've focussed on what I think is the heart of the matter here – which is to determine whether there

is sufficient evidence to conclude that a scam has taken place. If there's something I've not mentioned, it isn't because I've ignored it. I haven't. I'm satisfied I don't need to comment on every individual point or argument to be able to reach what I think is the right outcome. Our rules allow me to do this. This simply reflects the informal nature of our service as an alternative to the courts.

In broad terms, the starting position at law is that a firm is expected to process payments and withdrawals that a customer authorises, in accordance with the Payment Services Regulations and the terms and conditions of the customer's account.

However, where the customer made the payment as a consequence of the actions of a fraudster, it may sometimes be fair and reasonable for the bank to reimburse the customer even though they authorised the payment.

Barclays is a signatory of the Lending Standards Board's Contingent Reimbursement Model (the CRM Code). This requires firms to reimburse customers who have been the victim of certain types of scams, in all but a limited number of circumstances. But customers are only covered by the CRM Code where they have been the victim of an APP scam – as defined within the CRM Code. So if I am not persuaded that there was a scam then I will not have a basis to uphold the complaint.

The relevant definition of a scam in accordance with the CRM Code is that the customer transferred funds to another person for what they believed were legitimate purposes but were in fact fraudulent.

The CRM Code also says it doesn't apply to private civil disputes, such as where a customer has paid a legitimate supplier for goods or services but has not received them, they are defective in some way, or the customer is otherwise dissatisfied with the supplier.

So, it doesn't cover a genuine business that subsequently failed.

Considering this case, I think it's relatively clear to say that S was, at least initially, a genuine company. Mr A had himself been using its services for around ten years before this scam claim occurred. My role is therefore to decide whether I think there is, at present, sufficient evidence to say this once legitimate company went 'rogue' and turned to defrauding customers, or whether there are other equally plausible reasons why Mr A lost out here, which would lead me to conclude that this is a civil dispute between Mr A and S.

Having considered all the evidence holistically, I haven't determined that there is currently sufficient evidence that S did intend to defraud Mr A from the outset. According to Mr A's representatives, S has accepted that it was aware that Mr A's first vehicle had outstanding finance on it when Mr A purchased it – but that alone isn't sufficient for me to conclude that S never intended to sell the vehicle and pay this finance. I think it's equally possible that S intended to pay the finance and was either unable to (because, as it's suggested, issues regarding the vehicle's ownership had since arisen), or because of financial mismanagement by S (for example, using Mr A's funds to pay more pressing debts, but with the end intention of providing him with the car as agreed).

For me to determine that this was a scam, I'd need to be sufficiently persuaded that S took Mr A's funds with criminal intent – that it took those funds for its own financial gain and with no intention of ever providing the vehicle as promised. That is a high bar to meet - and I don't think there is sufficient evidence currently available to support it.

I've taken into account that while this issue was ongoing, Mr A was provided with a courtesy car from S, that S generally remained in communication with Mr A and that it continued trading for a further year, all of which aren't *typical* hallmarks of a scam firm.

Our service has also reached out to the beneficiary account that received Mr A's funds. While the account provider has provided our service with information – it has done so in confidence. It has provided that which is necessary for the determination of this complaint to allow us to discharge our investigatory functions. Due to data protection laws, our service can't share any information about the beneficiaries, the receiving bank accounts or any investigation and action subsequently taken. However I would like to assure Mr A that I have thoroughly reviewed and considered all the information provided before reaching my decision.

Having done so I don't think the account use supports an allegation that S set out with intent to defraud Mr A. At the time Mr A made the payments, there were no concerns about the running of the account and I can see that activity on the account is in line with S' line of trade.

Unfortunately, by the very nature of these complaints, I'll never be able to conclude with certainty what the intentions of S were when receiving these payments – and I understand investigations have begun by the Insolvency Service that may shed further light on evidence I'm not privy to. But as things stand, I simply can't safely conclude that S took Mr A's money without ever having any intention of providing him with the vehicle he paid for. The evidence available to me simply isn't enough to support such a finding.

I appreciate how frustrating and disappointing this answer will be. Mr A has lost a lot of money as a result of S' failure to fulfil its agreement. But I can't exclude the possibility that S entered the agreement in good faith, intending to pay off the vehicle's finance and then was unable or unwilling to fulfil the agreement for some reason.

That means that I can't fairly hold Barclays responsible for the loss suffered here. It also means I find the bank had no ability or obligation to try and recover Mr A's money.

In saying all of this, I don't underestimate the impact this whole matter has had on Mr A and his family – I am sorry he has lost out through no fault of his own. It does seem his trust in S was misplaced and he's been badly let down. But that fault lies with S, not with the bank. And it's simply the case that I can't fairly tell Barclays to pay him the money he's lost, because I don't think Barclays has treated Mr A unfairly or was otherwise at fault here.

My final decision

My final decision is that I don't uphold Mr A's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 23 September 2025.

Kirsty Upton
Ombudsman