

## **The complaint**

Mr F complains that Barclays Bank UK PLC did not reimburse the £270,000 he says he lost to a scam.

## **What happened**

Both parties are aware of the circumstances of the scam, so I won't repeat them again in detail here. In summary:

Mr F knew an individual I'll refer to as 'R', who was registered by the Financial Conduct Authority 'FCA' to provide financial advice. He had successfully received returns on investments he had made with her. R introduced him to another individual I will refer to as 'H' who had multiple property developments ongoing at the time.

Mr F signed an agreement with H on 26 November 2020 to loan a company he was the director of £450,000 with repayment due just three months later. The agreement set out this was to be used to purchase a specific property, that H said he was already in the process of purchasing to then rent out. Part of this was funded by a transfer of £270,000 from Mr F's Barclays account.

Unfortunately, H encountered problems with the property and was unable to reimburse Mr F at the specified time. H went on to be declared bankrupt in August 2022 and has not repaid the loan as agreed.

Mr F raised a scam claim with Barclays for the £270,000. Barclays ultimately felt this was a civil dispute between Mr F and H, as it appeared he had made a genuine investment that had failed. The complaint was referred to our service and our Investigator looked into it. On balance, they did not think the evidence provided suggested H intended to defraud Mr F from the outset, so they felt it was reasonable that Barclays treated this as a civil dispute.

Mr F's representative disagreed with the outcome and highlighted that H had previously been made bankrupt, so should not have been able to conduct business without declaring this. They also mentioned that he had been disqualified from directing businesses in November 2022, and that H had not used the loan funds for the intended purpose.

As an informal agreement could not be reached, the complaint has been passed 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.

It isn't in dispute that Mr F authorised the payment of £270,000. Because of this the starting position – in line with the Payment Services Regulations 2017 – is that he is liable for the transaction. But he says he has 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 this definition out 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.*

I've therefore considered whether the payment Mr F made to H falls under the scope of an APP scam as set out above. Having done so, I don't agree that it does. I'll explain why in more detail.

In order to determine if Mr F has been the victim of a scam, I have to consider if his intended purpose for the payment was legitimate, whether the intended purposes he and the individual he paid were broadly aligned and, if not, whether this was the result of dishonest deception on the part of the individual, in this case H.

*What was Mr F's intended purpose for the funds?*

Mr F has provided me with a loan agreement between himself and a limited company that H was the director of, as well as an e-mail from H that details the intention for the funds. Looking at these, I think it is more likely Mr F intended to loan H a total of £450,000 for 3 months, with a fixed interest of £20,000 per three months. And the intention, as per the loan agreement, was for the funds to be used to purchase a specific property. I therefore think Mr F's intended purpose for the payments was legitimate.

*What was H's intended purpose for the payments?*

I've reviewed the evidence available to me to reach an outcome on what I think is more likely H's intended purpose for the £450,000 was. Firstly, I have seen the e-mail from H to R about his intention for the funds. This set out he intended to use £300,000 to buy the specific property and rent it to the council as emergency accommodation. This appeared to include a site plan as well as a license for renting the house to multiple occupants, though I have not seen these attachments.

Mr F has shown that H did not purchase the specific property, so he feels H therefore never intended to use the funds he provided to do so. However, I do not think this automatically means H never intended to buy the property with the funds. Mr F has provided a transcript of a conversation with a third party and H. In this, H was asked what the funds were actually used for. H stated that it went to a couple of projects for builds and build materials. Some was used towards the intended property, however the deal collapsed meaning he could not continue with it.

The available evidence therefore suggests H did intend to buy the property, and had a plan as well as licences for this specific plan. However, it appears this deal then fell through, meaning he could not then go on to purchase the specific property. The evidence I have seen therefore indicates the two purposes for the payment of H and Mr F did align, but due to unforeseen circumstances this could not be completed.

Mr F's representatives have raised a number of issues that occurred a few years after the investment was made. This includes a court case HB was involved in that was connected to a separate property investment, HB being charged with loan fraud as well as him being disqualified from being a director for 11 years. While I have taken these points on board, I also have to consider that these issues occurred after Mr F invested with H. And while these points may show H has acted fraudulently in relation to other situations, it does not therefore mean he took Mr F's money with no intention to purchase the property. As explained above, I think the evidence available suggests it is more likely H did intend to purchase the property, but the deal fell through, and he later became bankrupt.

Mr F's representative has also highlighted that H had previously been made bankrupt in 2011, and this meant he was unable to act as a director without the court's permission and if

he ran a business, he had to inform individuals he worked with that he had been made bankrupt. They therefore felt H had acted dishonestly when he had not informed Mr F of this bankruptcy. However, all restrictions relating to bankruptcy end when the bankruptcy terminates. This is typically after 12 months, and H's bankruptcy had ended long before Mr F began investing with him. I therefore do not think this has a bearing on this complaint.

On balance, having carefully considered everything available to me, I think it was reasonable for Barclays to treat this as a civil dispute.

I've also considered if there is any other reason why Barclays should reasonably have stepped in and prevented the payments from being made. Account providers are expected to protect their customers from fraud and financial harm, and this includes monitoring accounts to look out for activity that might suggest a customer was at risk of financial harm, intervening in unusual or out of character transactions and trying to prevent customers falling victims to scams.

On balance, I think the transaction of £270,000 was out of character when compared to Mr F's genuine account activity. The payment was completed in branch via CHAPS, but there are no longer clear notes showing what was discussed, so it is not possible to know what level of intervention there may have been. However, as explained above, at the time that Mr F made the investment the information available to him suggested it was a legitimate investment with a legitimate individual. While I appreciate Mr F's representative has said Barclays should have known H had previously been made bankrupt and therefore should have questioned the payments further, this type of information would not have been available to the branch staff at that time. The bankruptcy had elapsed and this level of information about a payee would not be readily available to branch staff in any event. So, I think it is unlikely any possible intervention would have given Mr F cause for concern and prevented him from making further payments.

It is possible that further evidence may come to light at a later date, which may indicate H was operating a scam. Should such evidence come to light, then Mr F can complain to Barclays again, and refer the matter to this office, should he not be happy with the outcome.

### **My final decision**

I do not uphold Mr F's complaint against Barclays Bank UK PLC.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F to accept or reject my decision before 24 October 2025.

Rebecca Norris

**Ombudsman**