

The complaint

Mr A complains that Barclays Bank UK PLC hasn't reimbursed him for four payments he made in March 2021 to what he now believes to have been a fraudulent investment.

Mr A brings this complaint with the benefit of professional representation. In what follows, for clarity, I will refer however solely to Mr A, even where comments or submissions were made on his behalf by that representative.

What happened

Mr A holds an account with Barclays. He explains that for some time prior to 2021, he had been in contact with a company that provided advice about unregulated investments. I will refer to this company (and the representative Mr A dealt with) as "Broker W".

When he'd proceeded on earlier two investments recommended to him by Broker W he'd made his payment via an intermediary firm which I will refer to as Company T.

Company T is a type of business described as a crowdfunding platform. It provides a list of investment opportunities from various sources and allows investors to invest in those opportunities. The investments Mr A had made were administered through Company T – for instance he received interest payments relating to his investments from Company T's account.

In 2021, there was some concern that the earlier investments Mr A had made might be failing and his funds appeared to have been lost. His contact at Broker W suggested a new investment opportunity, to help recoup what had been lost.

This was in Company T itself. Company T was apparently growing and offering an equity stake through the issuance of shares. Mr A recalls being told that Company T had plans to list on a stock exchange which would yield significant returns to shareholders.

Mr A wanted to go ahead. He made four payments of £5,000 between 17-19 March. He subsequently received a share certificate from Company T.

However, Company T has not listed on a stock exchange. Furthermore, while it is still listed as active on Companies House, its 2023 accounts are shown as overdue.

Mr A ultimately became concerned that this investment may have been a scam. In early 2024 a scam claim was raised with Barclays.

Barclays didn't refund Mr A. It asked for more information in an attempt to establish that his investment in Company T had been fraudulent rather than simply a high-risk investment that had failed.

When it could not obtain such further information from Mr A, Barclays explained it would not be refunding the payments Mr A had made. While Barclays was a signatory to the voluntary APP scam reimbursement scheme (the Contingent Reimbursement Model Code or CRM

Code) that scheme was only applicable to APP scams. Barclays said it could not establish that this had been an Authorised Push Payment Scam (APP scam).

Mr A didn't accept this outcome and referred his complaint about Barclays to this service for an independent review.

Our Investigator considered the available evidence. She didn't think Barclays had been at fault when it said Mr A's investment wasn't established as fraudulent. She didn't consider Barclays was liable to reimburse Mr A.

Mr A didn't agree. He said he had been misled about the nature of the investment. He'd been led to believe Company T was a legitimate company offering a profitable investment opportunity. While he'd received the shares he'd paid for, he hadn't made the expected returns, and Company T had failed to meet its promises to list on the stock exchange. This suggested fraudulent conduct. He believed further investigation was warranted.

Our Investigator considered these further representations but explained she remained of the same opinion as before.

In light of this disagreement, I have been asked to review everything afresh and make a final decision on the matter.

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 deciding what's fair and reasonable in all the circumstances of a complaint, I'm required to take into account relevant: law and regulations; regulators' rules, guidance and standards; codes of practice; and, where appropriate, what I consider to be good industry practice at the time. Where the evidence is incomplete or missing, I am required to make my findings based on a balance of probabilities – in other words what I consider is most likely given the information available to me.

In broad terms, the starting position at law is that a bank such as Barclays is expected to process payments and withdrawals that a customer authorises it to make, in accordance with the Payment Services Regulations (in this case the 2017 regulations) and the terms and conditions of the customer's account.

However, where payments resulted from an APP scam, the voluntary CRM Code can require reimbursement.

The CRM Code only applies where the APP scam definition is fulfilled: "DS1(2)(a) APP Scam - Authorised Push Payment scam, that is, a transfer of funds executed across Faster Payments, CHAPS or an internal book transfer, authorised by a Customer in accordance with regulation 67 of the PSRs, 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."

It appears the payments Mr A made went to whom he intended (Company T). Company T in turn assigned him the shares he'd paid for. It sent him a share certificate to confirm this, and the shareholding Mr A had purchased was correctly recorded on Companies House.

Furthermore, Barclays confirms that the beneficiary account to which Mr A's payments were

sent returned a confirmation of payee match – indicating that the account Mr A paid was held in the name of Company T. Barclays says that account still returns the same ‘match’ result which indicates the account is still open and still held in Company T’s name.

In summary then, I find the first part of the CRM Code’s APP scam definition (“deceived into transferring the funds to a different person”) does not apply to Mr A’s payments.

The second part of the APP scam definition requires that the funds were procured for what were in fact fraudulent purposes.

Mr A argues that he was deceived about the investment and that this was fraudulent.

I’ve carefully considered the available evidence in the light of Mr A’s comments. I note firstly that the representations Mr A says he relied on in making the investment appear to have been made to him by Broker W about Company T (not by Company T itself).

The only evidence he has provided that originated from Company T, and that might indicate what Company T represented to Mr A, is a ‘shareholder update’ dated 30 June 2021 – a few months after Mr A had invested.

This document refers to Company T having considered listing on the Vienna Stock Exchange in 2020 but deciding not to proceed *“due to the market conditions”*. It says Company T has contracted with a corporate finance firm *“to work with us on strategies going forwards including a possible listing on the UK Standard list”*. It goes on to say: *“we expect turnover to double over the next 12 months, as we reach profitability”*.

While the document dates from shortly after Mr A invested, I’ve been provided with no other contemporary records of what Company T promised him. But based on the content of the shareholder update, and in the absence of any evidence to the contrary, I consider it unlikely that statements made by Company T in March 2021 would have been materially different.

With that in mind, I do not find this document is convincing evidence of fraudulent misrepresentation by Company T. The mention of a UK stock market listing is described as “a possible listing” – not a promise. “As we reach profitability” suggests Company T was not at that point profitable, but was looking to achieve profitability in future.

I can’t therefore agree that Company T had promised Mr A it would list on the FTSE 100 within two years, or that it had promised it was profitable. I simply haven’t seen evidence to demonstrate either point - and the evidence provided appears to show these were *aims* not promises.

Of course, Mr A suggests in his submissions that the promises he relied on were made by someone other than Company T – namely the person he’d been in contact with at Broker W.

There is nothing I’ve seen to indicate that this individual was connected to Company T, or that he was in a position to make representations on its behalf. I am unable to attribute that person’s statements to Company T.

What that individual told Mr A about the investment into Company T may have been materially false. It might have been bad investment advice. But I’ve seen no clear evidence to indicate that Company T would be responsible for that. And what Broker W said or did does not show Company T was operating fraudulently when Mr A made his investment.

Put another way, if it could be shown that the person who suggested the investment to Mr A knew that what he said was false, then Mr A might have a claim against that person. But that is not the same as a claim in fraud against Company T, that being the payee Mr A paid.

To say Company T was most likely operating a fraud when it received Mr A's payments, I'd need to exclude the alternate possibilities – including that this was simply a legitimate company that ran into difficulties. Even it could be shown that Company T later became fraudulent, if it was not fraudulent in nature at the time of Mr A's payments that would not show his payments were procured for "*purposes [...] which were in fact fraudulent*" as would be required for me to find the CRM Code should apply.

Outside the provisions of the CRM Code, it wasn't for Barclays to have given Mr A unprompted financial advice about the suitability of a proposed investment such as this. Ostensibly, this was a very high-risk investment – being an investment in the unlisted equity of a single small company with a relatively short track record. But Mr A did not ask Barclays for financial advice, and it was not in a position to give such financial advice about the suitability of these shares for Mr A investment needs unless he had asked it to, which he did not.

And I don't think the payments Mr A made to Company T would have stood out from his prior account history as significantly unusual or out of character (and Barclays says they did not at the time). In any event, even if for instance Barclays had taken the step of intervening before processing Mr A's payments and contacted him to discuss them, it seems likely to me he'd have explained he had been dealing with Company T for some time, believed it to be legitimate, and had received more than one payment back from it. There doesn't appear to have been any information available at the time that would have led Barclays to consider the investment was fraudulent in nature (as indeed I do not find there is sufficient evidence to show now).

Neither could I expect Barclays to have attempted to recover Mr A's funds when he later reported the matter to the bank. There is evidence on the Companies House website to show he received the shareholding he'd paid for. Again, without sufficient evidence to show Company T had procured Mr A's funds fraudulently Barclays could not act to recover Mr A's payment.

In summary, all considered, I do not find Barclays was unjustified in saying this had not been shown to be an APP Scam, and that therefore the CRM Code did not apply to Mr A's payments. And I don't find Barclays was otherwise at fault.

Of course, it remains possible that in future further information may come to light (if for example Company T were to enter administration or liquidation, or if a police investigation was to be undertaken).

If further information later comes to light which establishes that in fact Company T was operating fraudulently at the time Mr A made his four payments to it, and that Company T had procured his funds for purposes that were in fact fraudulent, then he should ask Barclays to reconsider his claim against the CRM Code. But as matters currently stand, I do not find Barclays has any responsibility to refund him or otherwise compensate him.

I appreciate this will not be the answer Mr A is looking for. Regardless of the cause of the loss he appears likely to have sustained, the amount involved is a significant sum. But despite my natural sympathy for him, that does not mean Barclays is liable to cover the cost of those lost funds.

My final decision

For the reasons given above, my final decision is that I do not uphold Mr A's complaint about Barclays Bank UK PLC.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 28 July 2025.

Stephen Dickie
Ombudsman