

The complaint

Mr F, who is represented, complains that Barclays Bank UK PLC won't reimburse him money he lost after falling victim to an investment fraud.

What happened

As the circumstances of this complaint are well-known to both parties, I'll summarise them briefly below.

Mr F came across an advertisement online for an ISA account paying a better rate of interest than the one he held with Barclays. He created a new account, and a payment instruction was sent to Barclays from the third-party provider giving Mr F's authority to make the transfer.

On 20 November 2019, Barclays sent £5,000 to the account specified in the request.

Between January 2020 and January 2021, Mr F received several returns on his investment. But when these returns stopped, Mr F suspected he may have been defrauded and reported the matter to Barclays via his representative. But as they didn't receive a response from Barclays to the complaint letter, they referred the matter to our service for an independent review.

An Investigator considered the evidence and testimony provided by both parties and recommended the complaint be upheld. They recommended Barclays reimburse Mr F in full, including interest.

Barclays didn't agree. It argued that the business to which Mr F had transferred his funds to was legitimate and had since entered into administration. It therefore found that the matter was likely a civil dispute rather than a fraud: meaning it didn't have any liability to reimburse.

As Barclays disagreed with the Investigator's findings, the matter was referred to me for a decision to be made. After reviewing the complaint, I issued a provisional decision on 3 April 2025. It was as follows:

"Was Mr F likely a victim of fraud?"

Our service has collated evidence from numerous sources regarding the business to which Mr F transferred his funds to. And while Barclays are correct in pointing out that the business was a registered company that was wound up, it doesn't automatically follow that it didn't deliberately mislead its customers and commit fraud.

Evidence this service has seen shows:

- *The business never filed any accounts and was never independently audited.*
- *The Insolvency Service shut down the business for misleading its investors and failing to co-operate with an investigation into its affairs.*
- *One of the Directors of the business—who held this position at the time Mr F*

transferred his funds to it—has been disqualified from being a Director for eight years.

- The business made false representations regarding agreements it had in place.*
- Police Scotland are now investigating this Director and business.*

From the information I've seen, I satisfied Mr F has likely been the victim of fraud here.

Considerations

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 have been good industry practice at the time.

It's not in dispute that Mr F authorised the payment in dispute. So, in accordance with the Payment Services Regulations 2017 Mr F is presumed liable for the loss in the first instance.

However, as has been argued, Barclays is a signatory to the Lending Standards Board's Contingent Reimbursement Model (the CRM Code). Under that Code, firms are expected to reimburse customers who fall victim to fraud, unless the signatory can rely upon one of a number of exceptions within the Code.

However, the scope of the Code only covers certain types of payments. DS1(2)a of the Code defines these payments as:

'...a transfer of funds executed across Faster Payments, CHAPS or an internal book transfer...'

Barclays has now confirmed that the payment was processed after it received a BACS transfer authorisation from the receiving business. As the transfer subject to this complaint was processed through BACS, it doesn't fall under the scope of the CRM Code. I therefore won't be considering the Code in my findings.

Could Barclays have done more to prevent Mr F's loss?

Having considered the evidence carefully, I don't find Barclays could have reasonably prevented Mr F's loss here.

I know that will come as a disappointment to Mr F, but I'm not persuaded the transaction would have appeared suspicious at the time Barclays received the ISA transfer request. And even if it had questioned the payment further, and provided investment fraud warnings, the investment appeared so legitimate that it's unlikely Mr F would have been dissuaded from proceeding. Nor do I find it likely Barclays would have had sufficient concerns that it ought to have refused to process the payment altogether.

Mr F's Barclays account was an ISA account, and not a current account where Mr F paid his day-to-day expenses. Therefore, Barclays wouldn't have been able to compare the transaction against Mr F's typical activity to see if it stood out. Furthermore, it is common to see larger, periodic, transfers from an ISA account. These are typically for savings which would be drawn from for higher value expenditure.

What is also relevant is that the payment instruction was received by Barclays from the business Mr F transferred his funds to. And this was a professional request from a registered business with seemingly no negative indicators surrounding it at the time. So I'm not

persuaded Barclays ought to have had concerns here and intervened in the transfer request.

However, even had it done so, there was nothing particularly concerning about the investment or business to which Mr F was transferring his ISA to at the time. So even had it probed further—or indeed provided relevant warnings surrounding the common features of investment fraud—it's unlikely this would have prevented Mr F from continuing with the payment: as they wouldn't have been relevant to his circumstances.

As Barclays wouldn't have been able to prevent Mr F's losses here, it would be unreasonable to hold it liable for any reimbursement of that loss."

Both parties were given until 17 April 2025 to respond with any further comments or evidence to consider before issuing my final decision.

Barclays didn't provide any further comment, but Mr F's representative added:

- Mr F was the victim of a fraud and should not bear the full financial burden.
- The payment not being caught by the CRM Code shouldn't absolve Barclays of its wider responsibilities.
- The payment instruction was received by a third-party provider that held no legitimate credentials – but no safeguarding measures were deployed.
- Even had the payment not triggered fraud checks, Barclays had the opportunity to provide warnings.

As both parties have now had the opportunity to respond, I'm in a position to issue my 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've considered Mr F's representative's further submissions carefully, but they haven't persuaded me to change the position I set out in my provisional findings.

Mr F's representative has reiterated that Mr F has been a victim of fraud, and therefore shouldn't bear the full financial burden of the crime that has been committed against him. But that isn't the test being applied in this case. My role is to decide if Barclays ought to have done more to protect him.

Due to the payments not falling under the scope of the CRM Code, I cannot apply its principles here. I realise that will come as a disappointment to Mr F, but it would be unreasonable for me to apply a voluntary code's principles where a payment doesn't fall within its scope.

I have already set out in detail why Barclays can't be held liable for Mr F's loss here – and my reasoning went further than saying Barclays were absolved due to the CRM Code not applying to the case.

While the payment instructions were received from a third-party, this was on the instruction and authorisation of Mr F. It does not automatically follow that a payment instruction, sent on behalf of a customer by a third-party, represents a high risk of fraud. I must look at the transaction holistically and in line with the usual activity on the account.

While Barclays may have had an opportunity to provide warnings at the point the payment

request was received, I don't think that it was unreasonable for it not to have done so. It would therefore be unreasonable for me to hold it liable where its actions weren't in error.

I am sorry to hear of the distress this crime has caused Mr F. But I must weigh the evidence fairly and can only direct Barclays to reimburse Mr F's loss where it ought to have done more to prevent it.

My final decision

For the reasons I've given above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F to accept or reject my decision before 15 May 2025.

Stephen Westlake
Ombudsman