

The complaint

Mr A is unhappy that Barclays Bank UK PLC won't reimburse money he lost to a scam.

What happened

Mr A says that he wanted to help family members overseas to obtain a 'Certificate of Sponsorship' ("CoS") that would allow them to gain employment in the care sector in the U.K.

He was introduced to a third party ("Mr C") who said that he could provide this service. Mr A made a number of payments from two different personal accounts and a separate limited company account (of which he is the sole director). This complaint only concerns the payments made from his Barclays personal account.

Those payments are set out below:

6 March 2023 - £2,000
5 October 2023 - £5,000
5 October 2023 - £3,000

The payments from his limited company account took place between 2 and 7 February 2024, were paid to the same payee and totalled over £35,000.

In 2024 after failing to receive any CoS, Mr A reported the matter to Barclays through a professional representative. Barclays said that he needed to raise a fraud claim, but Mr A referred the matter to our service. One of our investigators looked into what happened and concluded that although the payments were covered by the Lending Standards Board's Contingent Reimbursement Model Code ("CRM Code"), Barclays could fairly decline reimbursement.

Mr A disagreed, in summary he argued:

- An 'Effective Warning' would have prevented the scam and 'visa' scams should have been well-known to Barclays at this point in time.
- He did not act dishonestly or carelessly and did not stand to personally benefit from the payments.
- Barclays should have conducted a risk assessment on the payee.
- He held a reasonable basis for believing that the transaction was legitimate – he even visited the offices of Mr C's limited company and provided him with the passports of the applicants.

As no agreement could be reached, the case was 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.

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 (in this case, the 2017 regulations) and the terms and conditions of the customer's account. But when these payments were made, Barclays was a signatory to the CRM Code and it required firms to reimburse victims of authorised push payments ("APP") scams in all but a limited number of circumstances.

In order for the CRM Code to apply to the payments Mr A made, he needs to have fallen victim to an APP scam. It's not entirely clear whether Barclays has accepted Mr A has fallen victim to a scam (rather than being involved in a civil dispute). However, it has not disputed our investigator's finding that Mr A did fall victim to a scam and, for the reasons I'll come onto explain, I think this complaint fails for other reasons, so I don't intend to dwell on this question.

Vulnerability

Under the CRM Code a firm cannot deny reimbursement if an APP scam victim was vulnerable to the particular APP scam such that it wouldn't be reasonable to have expected the victim to protect themselves against that scam. Mr A's representatives argued that Mr A was vulnerable due to marital difficulties, which led to sleep deprivation and poor decision making.

While I don't doubt what Mr A's representatives have said about Mr A's personal circumstances, I'm not persuaded that this amounts to a vulnerability under the CRM Code. The payments Mr A made took place over a significant period of time and there's nothing to suggest that Mr A's decision making was significantly impacted over that period, particularly as he continued to work and take other actions, such as incorporating a limited company.

Exceptions to reimbursement

In order to decline a claim under the CRM Code, Barclays can rely on one of a limited number of exceptions. The most relevant exception here is:

In all the circumstances at the time of the payment, in particular the characteristics of the Customer and the complexity and sophistication of the APP scam, the Customer made the payment without a reasonable basis for believing that: (i) the payee was the person the Customer was expecting to pay; (ii) the payment was for genuine goods or services; and/or (iii) the person or business with whom they transacted was legitimate.

I've thought carefully about this exception, and I've decided that Barclays can fairly rely on it. In doing so, I've taken into account all the evidence provided – including Mr A's submissions on the complaint brought by his limited company.

It's first important to state that Mr A hasn't been able to provide all of the evidence he's been asked for, in particular:

- A record of his conversations with the fraudster that took place before January 2024 (which was after the payments in dispute took place).
- Any record of the conversations he's had with the CoS applicants.

It is my understanding that a CoS should not cost a prospective employee anything. The cost should be met by the employer. The applicant will only have to pay costs associated with obtaining a visa.

Mr A said that Mr C promised a CoS as well as a guaranteed job and visa. The conversation between Mr A and Mr C, in my view, clearly shows that the cost was attached to the CoS itself. During that conversation Mr C said “the ones available are going for £13k to £15k”. It is my understanding that charging a candidate for a CoS or a job opportunity is not allowed.

As I’ve set out, this conversation takes place later than the payments which are in dispute here. But Mr A does not appear surprised or shocked by the request for such a large sum, which indicates that the apparent sale of a CoS and associated job opportunity was the nature of the arrangement between Mr A and Mr C. Indeed, Mr A’s representatives told our service that “our client would pay for a Certificate of Sponsorship for his relative”.

That conversation also makes it clear that it will be a third party business that will be providing the CoS and employment – effectively demonstrating that Mr C was acting as a middleman.

Mr A says that he did not have ‘specialised knowledge of the immigration process’ and he was simply trying to help friends and family. But given that Mr A was attempting to arrange a CoS for multiple people and made several payments over a period of time, I think he reasonably ought to have had some understanding of how the CoS was supposed to work and that the person he was dealing with was not acting legitimately by selling CoSs, was acting as a middleman and was not registered with the Home Office (as providers of CoSs are required to be).

I acknowledge that Mr A visited Mr C’s offices and checked that he had a registered company, the issue here is that I don’t think that Mr A ought reasonably to have believed that Mr C was offering a legitimate service.

I’m afraid that the fact that Mr A doesn’t appear to have obtained (or at least been able to produce) paperwork or contracts to support his claim doesn’t help him either.

Overall, I think that Mr A knew or ought to have known that Mr C was not a legitimate provider of goods or services. That means that I think that Barclays can fairly rely on the exception set out above to decline reimbursement.

Barclays’ standards as a firm

Under the CRM Code, Barclays has certain standards it needs to meet. Of particular relevance here is Barclays’ obligation to provide an Effective Warning where an APP scam risk is identified. Barclays provided a warning on the March 2023 payment, but not on the later ones. However, it will only be responsible for 50% of the loss if its failure to provide an Effective Warning would have had “a material effect on preventing the APP scam that took place”. I don’t find that Barclays should bear any responsibility for the loss for the following reasons:

- The March 2023 payment wasn’t so high in value that I’d have expected Barclays to identify an APP scam risk. However, it did ask Mr A about the purpose of the payment and he did not choose an accurate payment reason. He indicated he was paying another of his own accounts. I can’t hold Barclays responsible for failing to provide an Effective Warning where Mr A’s own actions have prevented it from doing so.
- Given that by October 2023 Mr C was an existing payee, I don’t think that Barclays should have considered the later payments as carrying an APP scam risk either. But even if Barclays had asked Mr A about the purpose of the October 2023 payments

he would likely have chosen an inaccurate payment reason, as he did in March 2023.

- Even if he had selected the right payment reason, I wouldn't expect a warning to be specifically tailored to 'visa' scams. I don't consider them to have been sufficiently well-known in 2023 for Barclays to have designed their fraud systems to incorporate a warning specifically about this type of scam.
- Even if Barclays had provided a warning about visa scams, I think it's likely Mr A would have gone ahead with the payments regardless. By his own account Mr A believed that he'd carried out sufficient due diligence and does not appear to have been concerned by the fact he was dealing with a middleman and purchasing CoSs.

For largely the same reasons, I can't conclude that Barclays could or should have prevented the fraud. It would have no knowledge of how the recipient account was being operated and no practical way to carry out a risk assessment on it (as Mr A suggests it should have done).

recovery

I can't see that Barclays reached out to the receiving account provider to recover these payments. But Mr A didn't raise the matter until months after the payments were made and I can see the money had already left Mr C's account by the time the scam was reported.

I'm sorry that Mr A has lost money and now owes significant sums to other people, but I'm afraid that, for the reasons I've explained, I cannot fairly say that Barclays should reimburse him for his losses.

My final decision

For the reasons I've explained, I do not uphold this complaint.

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.

Rich Drury
Ombudsman