

## **The complaint**

Mrs M, via a representative, complains that Barclays Bank UK PLC (“Barclays”) didn’t do enough to protect her when she paid what she now believes was a scam, and that it won’t refund the money she lost.

## **What happened**

Mrs M invested £16,000 into a property development company I’ll call ‘H’ via her Barclays account. This was made up of payments of £2,000 and £8,000 in July 2018 and £6,000 in March 2020.

Having lost all of the money she’d invested in H, Mrs M complained to Barclays in May 2024. She believes H was operating a sophisticated scam and was always intending to defraud her. And she believes that Barclays is responsible for her loss as it failed to operate to the standards expected of a regulated bank.

Barclays contacted Mrs M as it said it didn’t have sufficient information to investigate the matter. But seemingly, it didn’t receive anything further before the matter was referred to our Service to consider. However Barclays has latterly said that it considers that no error was made and so no refund was provided.

Our investigator considered the complaint. He didn’t think that there was enough evidence to conclude that H wasn’t a legitimate business. And, while he didn’t have enough information from Barclays at the time to determine whether the payments were uncharacteristic, he didn’t think an intervention would have prevented the loss. This was on the basis that there wouldn’t have been sufficient evidence at the time of the transactions to indicate a potential issue with H.

As Mrs M disagreed, the complaint has been passed to me to decide.

## **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 in 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 or reasonable for the bank to reimburse the customer even though they authorised the payment.

Barclays is a signatory of the Contingent Reimbursement Model (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 code where they have been the victim of a scam – as defined in the code.

The relevant definition of a scam from 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 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, to determine whether Mrs M has been the victim of a scam as defined in the CRM code, I need to consider whether the purpose she intended for the payment was legitimate, whether the purposes she and the property development company intended were broadly aligned and, if they weren't, whether this was the result of dishonest deception on the part of the company. This is relevant for the final payment – made in 2020 – as CRM doesn't apply to the first two payments which were made before it took effect.

I'm satisfied that Mrs M made the payment with the intention of investing with the property development company, for which she'd receive returns on his investment. But I'm not persuaded that the property development company intended a different purpose for the payment, or that it wasn't broadly aligned with Mrs M's intended purpose.

From what I've seen, the property development company completed three different development projects in three different cities across the UK. It also worked on a number of other developments which it sold to developers when it experienced financial difficulties. I wouldn't expect a company that intended to scam investors to complete these projects as these would have involved a large amount of investment and management. So, I think the completion of these projects strongly suggests the property development company was attempting to operate as a legitimate business.

There have been suggestions of poor business or financial management around the property development company. But while this, and other irregularities or poor business practice, may suggest the property development company wasn't acting as I'd expect a professional business to, this isn't the same as operating a scam. And I don't think they show that the company never intended to use investor's funds for development projects.

I've not seen anything from the administrators of the company which suggest the company was operating a scam or that the transactions carried out by the company and other connected companies were done with any intention other than putting investor's funds towards development projects. And I haven't been provided with evidence of any investigation by an external organisation which concludes the company was operating a scam.

So, having considered all the information provided – including the information provided following our investigator's view - I'm not persuaded that the available evidence is sufficient to safely conclude that the purpose the property development company intended for these payments was different than the purpose Mrs M intended. And so, I don't think Barclays has acted unreasonably in not reimbursing this payment as the circumstances here don't meet the definition of a scam as defined by the CRM code.

I've next thought about whether Barclays should have intervened with any of the three payments at the time of them being made, having now had sight of the relevant statements. But I'm not persuaded it should have. I say this because, for all three payments, Mrs M had made comparable or higher payments in recent months prior. So, I don't think these payments ought to have stood out as particularly unusual or uncharacteristic.

For completeness, I've thought about what would have happened if Barclays had intervened. But, based on the above, I don't think Barclays could have uncovered information, especially through proportionate enquiry in relation to the payment, that would have led to significant

doubts about the legitimacy of the property development company. And, with that in mind, nor do I think Mrs M could have uncovered such information at the time either. So, I don't see how any reasonable intervention from Barclays would have made a difference to Mrs M's decision to invest.

It's possible that material new evidence may become available at a future date, which suggests that the property development company did take Mrs M's payments using dishonest deception. If that happens, Mrs M can ask Barclays to reconsider its claim and, if not satisfied with its response, bring a new complaint to our Service.

I'm sorry to disappoint Mrs M, as I know she's lost a significant amount of money. But I'm not satisfied I can fairly ask Barclays to refund her based on the evidence currently available.

### **My final decision**

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs M to accept or reject my decision before 10 September 2025.

Melanie van der Waals  
**Ombudsman**