

## **Complaint**

Ms C is unhappy that Barclays Bank UK PLC didn't reimburse her after she reported falling victim to an authorised push payment (APP) scam that involved her making payments to one of its customer's accounts.

## **Background**

In 2019, Ms C engaged a contractor, referred to in this decision as Company A, to carry out extensive renovation works at her home. I'll refer to the director of Company A as Mr H.

Company A had been recommended to her by an architectural firm that had prepared the plans for the project. Ms C began making payments to Company A in November 2019 and continued to do so periodically until July 2020. Over the course of the project, she transferred more than £150,000 to the company. These funds were primarily transferred to Company A's bank account, which it held with Barclays.

However, the work was never successfully completed and Ms C identified serious deficiencies in the work that had been carried out. She reports that materials she had paid for were never ordered by Company A. She also states that the company invoiced her for remedial works that were allegedly required due to a leak, which she believes was fabricated. In addition, she was charged for the installation of a wet room with underfloor heating, but this was never installed. A ventilation system that should have been fitted was also omitted.

Ms C describes the overall standard of workmanship as extremely poor. She found the electrical installations to be dangerous, the plumbing substandard, and the kitchen appliances improperly wired. The kitchen itself had to be removed and replaced due to its poor quality, and the tiling throughout the property was also unsatisfactory.

Based on her experience, Ms C concluded that Company A had acted dishonestly and that she had unfortunately engaged a rogue trader. She believes the company never had the intention or the capability to carry out the agreed works properly. She believes the entire experience amounted to a deliberate deception.

She complained to Barclays in its role as the receiving bank. It didn't agree to reimburse any of Ms C's losses. Ms C wasn't happy with that and so she referred her complaint to this service. It was looked at by an Investigator who didn't uphold it. Ms C disagreed with the Investigator's opinion and so the complaint has been passed to me to consider and come to a final decision.

## **Findings**

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Having done so, I've come to the same overall conclusions as the Investigator and for broadly the same reasons. I'll explain why.

A regulated firm receiving payments, like Barclays here, is required to conduct its business “*with due skill, care and diligence*” (FCA Principle for Businesses 2) and to comply with legal and regulatory requirements to, amongst other things, counter money laundering and the financing of terrorism. Those requirements include maintaining proportionate and risk-sensitive policies and procedures to identify, assess and manage money laundering risk – for example through customer due diligence measures and the ongoing monitoring of the business relationship (including through the scrutiny of transactions undertaken throughout the course of the relationship). Furthermore, as a matter of good industry practice at the time it should reasonably have had measures in place to detect suspicious transactions or activities that might indicate fraud or financial abuse. I consider good practice meant not just looking out for situations where a customer might be the victim of fraud, but also situations where the customer might be the perpetrator, a money mule, or the victim of an account takeover.

In addition to that, Barclays was a signatory to the Lending Standards Board’s Contingent Reimbursement Model Code (“CRM Code”). The CRM Code creates additional requirements for signatories in circumstances where it acts as the receiving bank – i.e. it operates the account that receives allegedly fraudulent funds. Barclays was expected to take reasonable steps “*to prevent accounts being opened for criminal purposes*”, “*detect accounts which may be, or are being, used to receive APP scam funds*” and “*following notification of concerns about an account or funds at a receiving Firm, [it] should respond in accordance with the procedures set out in the Best Practice Standards.*”<sup>1</sup>

However, these requirements are not engaged unless what has happened here was indeed an APP scam. It must meet the CRM Code’s relevant parts of its definition of an APP scam. In other words, these payments must have been ones in which Ms C “*transferred funds to another person for what they believed were legitimate purposes, but which were in fact fraudulent.*”

The CRM Code is also explicit that it doesn’t apply to private civil disputes. It says:

*“This Code does not apply to [...] private civil disputes, such as where a Customer has paid a legitimate supplier for goods, services, or digital content but has not received them, they are defective in some way, or the Customer is otherwise dissatisfied with the supplier.”*

The first matter, therefore, that I must decide is whether the provisions of the Code apply at all in view of the above. To find that this was fraud, I’d expect (a) there to be a misalignment between the purpose for which Ms C made the payment and the purpose for which it was procured by Company A; and (b) that difference to have been due to dishonest deception on the part of Company A. The key consideration here is what the intentions were of the directors of Company A. I obviously can’t know what they were for sure, so I have to look at what the other available evidence shows and use that to infer what their intentions likely were.

The threshold for establishing fraud is a high one. In criminal proceedings, the standard of proof is “beyond reasonable doubt,” but this service assesses cases using the civil standard of proof, which is based on the balance of probabilities. Under this standard, a finding of fraud must be more likely than not. Even so, the bar remains high. It is not enough for fraud to be a compelling or persuasive explanation, nor is it sufficient for it to be the most likely among several possible explanations. It must be more probable than the opposite conclusion i.e. that fraud did not occur.

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<sup>1</sup> SF2 in the CRM Code

I've considered the evidence submitted carefully and I'm not persuaded that it does meet that standard. I'll explain why.

Ms C was introduced to Company A and its director via the architects they had hired in relation to the building works they were undertaking. The firm of architects was long established and respected. I don't find it likely that it would've recommended Company A on a whim, given the risk of reputational damage if it recommended a rogue trader. I can't know for sure, but I think it's more likely that Company A had developed a professional relationship with the architect based on completing satisfactory work in the past.

I have also seen evidence relating to how Company A operated its bank account and what it did with funds received from its customers, including Ms C. That evidence can only provide part of the picture, but it is instructive here. The account activity is consistent with the company operating as a legitimate business – for example, there is clear evidence of company funds being used to pay suppliers and builders' merchants. If this were a scam, I wouldn't expect the company account to have been operated in this way.

I have considered the detailed documentation submitted by Ms C's representatives, which includes accounts from other individuals who appear to have had similarly poor experiences with Company A. While this material is concerning, I do not find it to be sufficiently persuasive evidence that Company A intended to defraud Ms C from the outset. On balance, it seems just as plausible that Company A encountered financial difficulties and responded by adopting unscrupulous practices, such as cutting corners, using lower-quality materials, and delivering work to a substandard level. Although such conduct is unquestionably underhand and unethical, I am not satisfied that it meets the high threshold required to conclude that fraud occurred.

I know that Ms C has reported matters to the police, but as far as I'm aware, it hasn't seen fit to undertake a substantive investigation. I agree with her representatives that it isn't necessary for a criminal conviction to have been secured or for charges to have been brought against the director of Company A for what happened here to meet the CRM Code's definition of an APP scam. However, the fact that the relevant authorities appear not to have pursued a substantive investigation into the allegations raised by Ms C (and others) suggests to me that the evidence presented does not, on its own, carry sufficient weight to support a finding of fraud.

The documentation shared by Ms C's representatives is certainly detailed, but many of its conclusions are speculative. For example, I've considered that Mr H's relatives (who are also involved in Company A and its associated companies) have allegedly served jail sentences overseas many years ago. It is understandable why Ms C would be suspicious on making that discovery, but it doesn't amount to strong evidence supporting her claim here.

I've also taken into account that Mr H appears to have been disqualified from serving as a company director following actions taken by the Insolvency Service. This followed Company A's liquidation. Unfortunately, that disqualification was linked to Company A's non-compliance with various tax rules and the fact that Company A had very large unpaid liabilities to HMRC. However, I think this is just as likely to indicate a company being chaotically mismanaged, as one setting out to defraud its customers.

Ms C's representatives have also pointed out that Mr H later set up a new company and a review posted on an online reviews aggregator had been posted alleging that he was a rogue trader. It says this points to a pattern of activity also evident in Ms C's case. I understand the point it's making, but at the time of writing this decision, there are more positive reviews of Mr H's new company online than negative. I'm afraid, therefore, that this doesn't lend much weight to Ms C's claim.

I don't say any of this to downplay what Ms C has been through here. She has clearly been badly let down by Company A and the consequences of that for her have been severe. I have a great deal of sympathy for her and the position she's found herself in. However, as matters stand, I can't uphold her complaint.

I don't rule out the possibility that the actions of Company A were fraudulent and it's possible that further evidence may come to light which supports Ms C's case. If such evidence does become available, she should provide it to the bank at first instance and ask that it reconsider her claim. If she's unhappy with any response she receives, she can bring a new complaint to this service.

### **Final decision**

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms C to accept or reject my decision before 10 December 2025.

James Kimmitt  
**Ombudsman**