

## **The complaint**

Mr D and Mrs P complain that Barclays Bank UK PLC ('Barclays') won't refund the money they lost as the result of a scam.

## **What happened**

Mr D and Mrs P were introduced to an investment by family and friends who had already invested. I'll refer to the company offering the investment as T. They were promised a return of 2% per month and told the investment involved Forex trading.

Mr D and Mrs P made two payments as part of the scam. The first payment was made to T in June 2019 for £20,000. A further payment was made in June 2020 for £1,002, to an individual I'll refer to as T2. Mr D and Mrs P were told this was a management fee.

Mr D and Mrs P received monthly returns between July 2019 and June 2020, with a final payment in December 2021. In total they received £14,520 in credits.

Ultimately, return payments stopped and Mr D and Mrs P became aware that the director of T had left the country. All communication with T stopped. So, they raised a fraud claim with Barclays in August 2024.

Barclays declined to refund Mr D and Mrs P saying they had a civil dispute with T.

Mr D and Mrs P weren't happy with Barclays' response, so they brought a complaint to our service.

An investigator looked into their complaint and recommended Barclays refund the outstanding loss of £6,482. The investigator said the evidence suggested that T were operating a Ponzi scheme, so Mr D and Mrs P's payments are covered by the Contingent Reimbursement Model Code (CRM Code). And, under the CRM Code, Barclays couldn't rely on an exception to reimbursement as Mr D and Mrs P had a reasonable basis for believing the investment was genuine.

Barclays asked for extensions in order to provide their response to the investigator's opinion, saying there are ongoing investigations by external organisations.

As Barclays haven't responded within the deadlines we set, the case has been passed to me to review.

## **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 there is a dispute about what happened, and the evidence is incomplete or contradictory, I've reached my decision on the balance of probabilities. In other words, on what I consider is more likely than not to have happened in light of the available evidence.

In broad terms, the starting position in law is that Barclays are expected to process payments that a customer authorises it to make, in accordance with the terms and conditions of the customer's account and the Payment Services Regulations 2017 (PSR's).

#### Are Mr D and Mrs P's payments covered by the CRM Code?

Barclays are a signatory of the CRM Code, which requires firms to reimburse customers who have been the victims of Authorised Push Payment (APP) scams, in all but a limited number of circumstances. The CRM Code defines what is considered an APP scam as "where the customer transferred funds to another person for what they believed were legitimate purposes, but which were in fact fraudulent".

To decide whether the circumstances under which Mr D and Mrs P made the payments, meets the definition of an APP scam, I need to consider:

- The purpose of the payments and whether Mr D and Mrs P thought this purpose was legitimate.
- The purpose the recipient (T/T2) had in mind at the time of the payments and whether this was broadly in line with what Mr D and Mrs P understood the purpose to be.
- And, if I decide there was a significant difference in these purposes, whether I'm satisfied that was as a result of dishonest deception.

Mr D and Mrs P were making payments to invest with T. The investment was referred by friends and family who had already invested and were receiving returns. I haven't seen anything that would suggest that Mr D and Mrs P didn't think this was legitimate.

So, I've gone on to consider what purpose T/T2 had in mind and whether it was in line with what Mr D and Mrs P thought.

In reaching an answer on what purpose T/T2 had in mind, the key information to this case is:

- We've received information from the beneficiary bank, which I can't share due to data protection legislation. But this evidence supports that T was more likely than not operating a Ponzi scheme and investors' funds weren't used for the intended purpose.
- HMRC froze T's accounts and shortly after this the director left the country and stopped all contact with their clients. This is concerning and not the action I would expect if the investment was genuine.

I realise there is an ongoing investigation by the FCA, but I'm satisfied that I have enough information and evidence to reach an answer on Mr D and Mrs P's case.

Based on the evidence I've seen, I'm satisfied that it's more likely than not Mr D and Mrs P's funds weren't used for the intended purpose and that T/T2 obtained them through dishonest

deception. So, Mr D and Mrs P's payments meet the definition of an APP scam under the CRM Code.

### Are Mr D and Mrs P entitled to a refund under the CRM Code?

Under the CRM Code, Mr D and Mrs P are entitled to a full refund unless an exception to reimbursement applies.

Barclays hasn't said that an exception applies, but for completeness, I have considered this point.

A bank may choose not to reimburse a customer if it can establish that\*:

- The customer made payments without having a reasonable basis for believing that the payee was the person the customer was expecting to pay; the payment was for genuine goods or service; and/or the person or business with whom they transacted was legitimate.
- The customer ignored effective warnings, by failing to take appropriate action in response to such an effective warning.

\* there are further exceptions outlined in the CRM Code, but they don't apply to this case.

I'm satisfied that Mr D and Mrs P had a reasonable basis for believing the investment was genuine. I say this as it was referred to them by friends and family who already invested and were receiving the promised returns. I realise that the returns offered were too good to be true, but seeing family/friends receiving those returns would've reassured Mr D and Mrs P that it was legitimate. Also, the director of T and his family were well known and trusted in their local community.

Barclays haven't provided information about any warnings shown at the time Mr D and Mrs P made the payments, so they can't fairly say that Mr D and Mrs P were provided with an effective warning or ignored an effective warning.

As I'm not satisfied that Barclays can rely on an exception to reimbursement, Mr D and Mrs P are entitled to a full refund of all the payments they made, less the returns they received – so their outstanding loss. Also, as they've been deprived of the use of those funds, they're entitled to interest on the refund.

### **Putting things right**

To put things right I require Barclays Bank UK PLC to:

- Refund Mr D and Mrs P's outstanding loss of £6,482, and
- Pay simple interest on that refund of 8% per year, calculated from the date Barclays declined Mr D and Mrs P's claim under the CRM Code.\*

\*If Barclays considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mr D and Mrs P how much it's taken off. It should also give Mr D and Mrs P a tax deduction certificate if they ask for one, so they can reclaim the tax from HM Revenue & Customs if appropriate.

### **My final decision**

My final decision is that I uphold this complaint against Barclays Bank UK PLC and require them to compensate Mr D and Mrs P, as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D and Mrs P to accept or reject my decision before 13 October 2025.

Lisa Lowe  
**Ombudsman**