

The complaint

Mr and Mrs W complain that Barclays Bank UK PLC ('Barclays') won't reimburse the funds they lost when they fell victim to a scam.

What happened

Mr and Mrs W hold a joint account with Barclays. As Mr W was involved in the investment and signed the agreement, I will mainly refer to him in this decision.

Mr and Mrs W say that Mr W had been friends with the director of a company I'll call D for around 20 years, and also knew the other director. His friend contacted him and asked if he would like to invest in D. Mr W was advised that the money would be invested in a large property portfolio involving long term lets and buying and refurbishing properties to rent out.

On 15 July 2019 Mr W invested £125,000 from his joint account with Mrs W. This payment was made to D. Mr W expected a rate of return of 20% a month, which he initially received. He would also receive the return of his investment at the end of the fixed term.

For ease I have set out in the table below all payments made by Mr and Mrs W which relate to this investment.

Transaction	Account	Date	Amount
1	Barclays	23/04/19	£2,000
2	Barclays	23/04/19	£2,000
3	Barclays	23/04/19	£2,000
4	Barclays	23/04/19	£2,000
5	Barclays	23/04/19	£2,000
6	Barclays	24/04/19	£2,000
7	Barclays	24/04/19	£2,000
8	Barclays	24/04/19	£2,000
9	Barclays	24/04/19	£2,000
10	Barclays	24/04/19	£2,000
11	Barclays	25/04/19	£2,000
12	Barclays	25/04/19	£2,000
13	Barclays	25/04/19	£1,000
14	Barclays	15/07/19	£125,000
15	<i>Other</i>	<i>17/05/21</i>	<i>£20,000</i>
16	<i>Other</i>	<i>24/05/21</i>	<i>£25,000</i>
17	<i>Other</i>	<i>10/09/21</i>	<i>£10,000</i>

18	Other	13/09/21	£7,500
19	Other	13/09/21	£7,500
Total			£220,000 (£150,000 from Barclays)

Mr and Mrs W received returns of £105,076 which were all credited to the external account other payments were made from.

In 2022 an investor requested the return of their capital, but didn't receive their money back and administrators were appointed in June 2022.

Mr and Mrs W raised a fraud claim with Barclays through a professional representative in May 2024. They asked Barclays to reimburse them in full and pay interest.

Barclays issued a final response letter saying that due to the value of the claim it had been referred to a specialist team which hadn't made a decision in respect of their claim.

Mr and Mrs W raised a claim with this service. When Barclays sent its file it said Mr and Mrs W had a civil dispute with D, so they are not liable for their loss. Barclays said that D was a legitimate business that had gone into administration and Mr and Mrs W had received significant returns.

Our investigation so far

The investigator who considered this complaint recommended that Barclays reimburse £125,000, less the returns Mr W received in an external bank account. This was because she felt the CRM Code definition of an APP scam had been met and Barclays couldn't fairly apply any exclusions.

Barclays didn't agree with the investigator's findings. It said that it is inappropriate for this service to decide complaints involving D until the conclusion of investigations by the police and/or administrators. Based on current evidence, Barclays say it is unclear whether D's operations were legitimate (but unprofitable) or fraudulent. Barclays also referred to DISP 3.5.4 and said that its ability to provide representations is severely constrained by the fact it hasn't seen evidence this service has relied on, although it appreciates concerns around confidentiality.

The complaint was passed to me. I intended to calculate the redress differently to the investigator, so I issued a provisional decision on 18 September 2025. In the "What I've provisionally decided – and why" section I said:

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

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 most likely to have happened in light of the available evidence.

In broad terms, the starting position in law is that Barclays is 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 (PSR's). But there are circumstances when it might be fair and reasonable for a firm to reimburse a customer even when they have authorised a payment.

In her view, the investigator addressed 12 £2,000 payments and a £1,000 payment made from Mr and Mrs W's joint account between 23 and 25 April 2019 (but didn't recommend Barclays reimburse these payments). Mr and Mrs W's complaint to Barclays only included the £125,000 payment so it only investigated and issued a final response in relation to this payment. In the circumstances, our rules do not allow me to consider the April 2019 transactions.

Is it appropriate to determine this complaint now?

I have considered whether it would be appropriate to delay my decision in the interests of fairness, until any police investigation or administrative process is completed.

There may be circumstances and cases where it's appropriate to wait for the outcome of external investigations and/or related court cases. But that isn't necessarily so in every case, as it may be possible to reach conclusions on the main issues on the basis of evidence already available. And it may be that the investigations or proceedings aren't looking at quite the same issues or doing so in the most helpful way. I'm conscious, for example, that any criminal proceedings that may ultimately take place might concern charges that don't have much bearing on the issues in this complaint; and, even if the prosecution were relevant, any outcome other than a conviction might be little help in resolving this complaint because the Crown would have to satisfy a higher standard of proof (beyond reasonable doubt) than I'm required to apply (which – as explained above – is the balance of probabilities).

As for investigations by liquidators/administrators, these are normally made for the purpose of maximising recoveries for creditors. Sometimes they lead to civil proceedings against alleged wrongdoers, or against allegedly implicated third parties. But the claims may not be relevant to the issues on the complaint. And, even if they are potentially relevant, such claims are quite often compromised without a trial and on confidential terms, so the outcome is of little benefit to our service.

In order to determine Mr and Mrs W's complaint, I have to ask myself whether, on the balance of probabilities, the available evidence indicates that it's more likely than not that they are the victims of a scam rather than a failed investment. But I wouldn't proceed to that determination if I consider fairness to the parties demands that I delay doing so.

I'm aware that Mr and Mrs W first raised his claim with Barclays in May 2024 and I need to bear in mind that this service exists for the purpose of resolving complaints quickly and with minimum formality. With that in mind, I don't think delaying giving Mr and Mrs W an answer for an unspecified length of time would be appropriate unless truly justified. And, as a general rule, I'd not be inclined to think it fair to the parties to a complaint to put off my decision unless, bearing in mind the evidence already available to me, a postponement is likely to help significantly when it comes to deciding the issues.

I'm aware the above processes might result in some recoveries for D's creditors/investors; in order to avoid the risk of double recovery, I think Barclays would be entitled to take, if it wishes, an assignment of the rights to all future distributions to Mr and Mrs W under those processes in respect of this investment before paying anything I might award to them on this complaint.

For the reasons I discuss further below, I don't think it's necessary to wait to reach a decision on whether Barclays should reimburse Mr and Mrs W under the provisions of the CRM Code.

Have Mr and Mrs W been the victims of an APP scam as defined by the CRM Code?

Under the CRM Code, the starting principle is that a firm should reimburse a customer who is the victim of an authorised push payment (APP) scam, except in limited circumstances. But the CRM Code only applies if the definition of APP scam, as set out in it, is met.

I have considered whether Mr and Mrs W's claim falls within the scope of the CRM Code, which defines an APP scam as:

...a transfer of funds executed across Faster Payments...where:

- (i) The Customer intended to transfer funds to another person, but was instead deceived into transferring the funds to a different person; or*
- (ii) The Customer transferred funds to another person for what they believed were legitimate purposes but which were in fact fraudulent.*

To decide whether Mr and W are the victims of an APP scam as defined in the CRM Code I have considered:

- The purpose of the payments and whether Mr and Mrs W thought this purpose was legitimate.*
- The purpose the recipient (D) had in mind at the time of the payments, and whether this broadly aligned with what Mr and Mrs W understood to have been the purpose of the payments.*
- Whether there was a significant difference in these purposes, and if so, whether it could be said this was as a result of dishonest deception.*

Mr and Mrs W thought they were investing in property. I haven't seen anything to suggest that they didn't consider this to be a legitimate purpose.

So, I've gone on to consider what purpose D had in mind and whether it was in line with what Mr W thought.

In reaching an answer on what purpose D had in mind, I've considered the wider circumstances surrounding D, and linked companies. The key information is:

- D was a UK incorporated company and traded for a significant period of time before Mr and Mrs W made the payment. I accept that D appears to have been operating legitimately initially, however I'm satisfied that the evidence supports that it wasn't operating legitimately at the time Mr and Mrs W made their payment in July 2019.*
- This service has received information from the receiving bank, which I can't share due to data protection laws. But this evidence doesn't support that D used Mr and Mrs W's funds for the intended purpose.*
- Evidence shows that D was diverting some funds to a separate company (B), which claimed to be a forex investment scheme. It looks more likely than not that this separate firm was operating an APP scam. It's possible that D was an innocent victim of B, but the evidence suggests that it's more likely than not that D and B were operating two separate but linked APP scams.*
- Mr and Mrs W believed that D would use their funds to purchase property, refurbish it and then either sell or rent it out for profit. I haven't seen any evidence that supports D had this purpose in mind in obtaining their funds.*

Based on the available evidence, I'm satisfied it's more likely than not Mr and Mrs W's funds weren't used for the intended purpose and that D obtained the funds through dishonest deception. So, I'm satisfied that Mr and Mrs W's payments meet the definition of an APP scam and are covered by the CRM Code.

Returning to the question of whether in fairness I should delay reaching a decision pending developments from external investigations, I have explained why I should only postpone a decision if I take the view that fairness to the parties demands that I should do so. In view of the evidence already available to me, however, I don't consider it likely that postponing my decision would help significantly in deciding the issues.

Does an exception to reimbursement apply?

The CRM Code says that Mr and Mrs W are entitled to a full refund unless Barclays can establish that an exception to reimbursement applies. Barclays hasn't provided any evidence or arguments that an exception to reimbursement applies, but for completeness I have considered this point.

The CRM Code says that 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 services; and/or the person or business with whom they transacted was legitimate
- The customer ignored an 'effective warning' by failing to take appropriate steps in response to that warning.

There are further exceptions outlined in the CRM Code that do not apply to this case.

I'm satisfied that Mr W had a reasonable basis for believing D offered a genuine investment opportunity. I say this because he was introduced to the investment by a long term and trusted friend and had also met the other director of D. Mr W saw a video which explained how his funds would be invested, how the business operated and how the returns could be achieved. After this, Mr W had a conversation with the friend who introduced him to D who explained the business model and who personally guaranteed he would receive the returns.

The CRM Code also sets out standards that firms are required to meet. Where these are not met, the firm may still be liable to reimburse a victim in part, even where it has been able to establish that an exception to full reimbursement can be fairly applied (as is the case here). Those requirements include the provision of what the Code defines as an "Effective Warning" when a firm identifies an APP scam risk in relation to a payment.

I haven't seen any evidence that suggests there were warning signs that D wasn't offering a genuine investment when Mr and Mrs W made their payment. So, Barclays couldn't rely on basis for belief as an exception to reimbursement.

Barclays hasn't said that an effective warning was ignored when Mr W made the payment or provided evidence of an effective warning being presented at the time. So, it can't fairly rely on that exception to reimbursement either.

As, I'm not satisfied that Barclays can rely on an exception to reimbursement, Mr and Mrs W are entitled to be reimbursed under the CRM Code (subject to what I say below).

Calculation of redress

As there is an ongoing investigation by administrators, it's possible Mr and Mrs W may recover some further funds in the future. In order to avoid the risk of double recovery, Barclays is entitled to take, if it wishes, an assignment of the rights to all future distributions under the liquidation or other process in respect of this investment before paying the award. If the bank elects to take an assignment of rights before paying compensation, it must first provide a draft of the assignment to Mr and Mrs W for their consideration and agreement.

I think that Barclays should have prevented the loss of payment 14. In calculating fair redress I've taken into account that Mr and Mrs W have received some reimbursement.

I can see that Mr and Mrs W received money back that they understood to have been 'profit/return' from their investment. Given Mr and Mrs W were falling victim to a scam and their 'investment' wasn't genuine, I don't think this money should be attributed to any specific payment. Instead, I think this money should be deducted from the amount lost by apportioning it proportionately across all of the payments Mr and Mrs W made to the scam. This ensures that these credits are fairly distributed.

To work this out, Barclays should take into account all of the payments Mr and Mrs W made to the scam (including those from other businesses), which I've set out in the table above.

In this case, the 'profit/returns' received equals £105,076 and the total amount paid to the scam equals £220,000. Barclays should divide the 'profits/returns' by the total amount paid to the scam. This gives the percentage of the loss that was received in 'profits/returns'. Deducting that same percentage from the value of each payment after and including Payment 14 gives the amount that should be reimbursed for each payment.

Here the 'profit/returns' amount to 47.76% of the total paid to the scam. It follows that the outstanding loss from each payment after and including Payment 14 should be reduced by the same percentage. That means Barclays should reimburse 47.76% of each payment after and including Payment 14.

Please note that, for ease of reading, I've rounded the relevant percentages down to two decimal places, but Barclays should perform the calculation I've set out above to arrive at a more precise figure, as I have done to arrive at the figure below.

After taking the steps set out above, I calculate Mr and Mrs W's outstanding loss from these payments to be £65,297.73.

Overall, I'm satisfied Mr and Mrs W were the victims of an APP scam as set out in the CRM Code and should be reimbursed as set out below.

Mr and Mrs W accepted my provisional decision. Barclays asked for an extension of time to respond but was unable to meet the new deadline set. Under the Dispute Resolution Rules (found in the Financial Conduct Authority's Handbook), DISP 3.5.13, says if a respondent (in this case Barclays) fails to comply with a time limit, the ombudsman may proceed with the consideration of the complaint.

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.

As neither party has raised any new points for me to consider I see no reason to deviate from my provisional decision. In summary, I can only consider payment 14 in this decision, as Mr and Mrs W didn't complain to Barclays about the other transactions. I'm satisfied that it's fair and reasonable to decide this complaint now and that Mr and Mrs W are the victims of an APP scam as defined in the CRM Code. As no exceptions to reimbursement can fairly be applied, Mr and Mrs W should be reimbursed in full (subject to my redress calculation, which was set out in full in my provisional decision and is reproduced above). This calculation apportioned money Mr and Mrs W received back that they understood to be profits or returns across the whole scam.

My final decision

For the reasons stated I uphold this complaint and require Barclays Bank UK PLC to:

- Pay Mr and Mrs W £65,297.73 (or the more precise figure Barclays arrives at after completing the calculation I have set out above); and
- Pay interest on the above amount at the rate of 8% simple per year from the date Barclays Bank UK PLC declined their claim to the date of settlement.

It's possible Mr and Mrs W may recover some further funds in the future. To avoid the risk of double recovery, Barclays Bank UK PLC is entitled to take, if it wishes, an assignment of the rights to all future distributions under another process in respect of this £65,297.73 investment before paying the award. If the bank elects to take an assignment of rights before paying compensation, it must first provide a draft of the assignment to Mr and Mrs W for their consideration and agreement.

If Barclays Bank UK PLC is legally required to deduct tax from the interest it should send Mr and Mrs W a tax deduction certificate so they can reclaim it from HMRC if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs W to accept or reject my decision before 14 November 2025.

Jay Hadfield
Ombudsman