

The complaint

Mrs and Mr C complain that Barclays Bank UK PLC ('Barclays') won't refund the money they lost to a fraudster. They're unhappy about the closure of their account and the support they received. They also say Barclays didn't do enough to recover the funds.

This complaint concerns a joint account. To keep things simple, given that Mr C was the one involved with the fraudster and the communication has largely come from him, I'll generally refer to Mr C throughout this decision.

What happened

The background is known to both parties so I won't repeat all the details.

In summary, Mr C says he was looking to replace the roof on his house. In July 2024, he was cold-called by an individual claiming to be a 'builder'. He says the builder (who turned out to be a fraudster) talked him through how to fund the work through loans. He thought the work could cost around £20,000 but was persuaded to apply for more for 'contingency'. He was then guided on how to take out a loan with Barclays through his banking *app*.

He applied for £35,000 which was drawn-down on 18 July 2024. Mr C says he intended to use this to fund the work. But that, as soon as the funds were paid into the account, the tone and nature of the fraudster's communication changed. It became forceful and threatening with demands for the money to be sent on to them. Mr C says he proceeded to make the payments due to the panic and pressure he was under. And that he was led to believe he wouldn't be liable for the borrowing if he complied with the fraudster's requests.

I've listed below the payments I've considered as part of this complaint. To note, further borrowing was taken out with various other lenders and complaints about the lending decisions have been looked at separately by our Service under different references.

	Date	Method	Payee	Amount
1	19-Jul-24	Transfer	Builder 1	£10,000
2	23-Jul-24	Transfer	Builder 2	£4,500
3	28-Jul-24	Transfer	Builder 1	£21,000

The matter was reported to Barclays in August 2024. A complaint was later made in October 2024 and referred to our Service. Our Investigator considered it and didn't uphold it.

In brief, he concluded the Contingent Reimbursement Model ('CRM Code') didn't apply to the disputed payments because they didn't meet its definition of an Authorised Push Payment scam (APP scam). Outside of the CRM Code, he didn't think Barclays could have prevented the scam given it was misled as to the payment reasons when it intervened. He noted Barclays had tried to recover the funds by contacting the beneficiary banks. He was also satisfied Barclays had given Mr C appropriate notice for the closure of the account. As the matter couldn't be resolved informally, it's 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.

Having done so, I've decided not to uphold it. These are the key reasons.

In broad terms, the starting position in law is that a firm (like Barclays) is expected to process their customers' authorised payment instructions without undue delay. It's not in dispute the payments in question were authorised. This means Mrs and Mr C are presumed liable for the payments in the first instance. However, because they say the payments were made as a result of them falling victim to a scam, there are some further considerations that may be relevant to whether it would be fair to expect Barclays to refund the money.

The CRM Code

Barclays was a signatory to the CRM Code. This was a voluntary code which required firms to reimburse customers who have been the victims of APP scams in all but a limited number of circumstances. It could apply to transfers in some specific situations.

For me to decide whether the CRM Code applies, and what it might mean for this complaint, I must first consider if the payments meet the CRM Code's definition of an APP scam.

Under the CRM Code, an "APP scam" is defined at DS1(2)(a) as:

"Authorised Push Payment scam, that is, a transfer of funds executed across Faster Payments, CHAPS or an internal book transfer, authorised by a Customer in accordance with regulation 67 of the PSRs, 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."

In this case, the first part of the definition isn't relevant because Mr C wasn't deceived into transferring funds to the wrong person. The second part refers to transferring funds for what the customer believes to be a 'legitimate' purpose but which turned out not to be. The CRM Code doesn't define 'legitimate'. But I think it's fair to say this encompasses a sincere belief that the payment is legal and/or is being made honestly, in good faith, going to a payee which a reasonable person would consider genuine, for 'above board' purposes.

In his call with Barclays in August 2024, Mr C explained that, once the money arrived in the account, the fraudster's tone changed. He said he was told he needed to send the money on to them and that, in relation to repaying the loan, they kept saying they had "*people who work for us who can sort everything out*". Mr C took that to mean that, if he complied, he wouldn't be held liable for the borrowing. He says he thought that if he didn't see things through, he'd otherwise be left with the debt. He's also said there was a time where the fraudster threatened to travel to get him to withdraw funds in branch. I'd note, when our Investigator asked Mr C about what had happened, his testimony was broadly in line with what he'd told Barclays.

I've seen very little evidence, other than Mr C's testimony, to support his version of events. I can accept his comments that much of the contact was over calls and that messages may have been deleted by the fraudster. However, going by what Mr C has told us, it's clear he

didn't believe he was making the payments for the purpose of funding building work. He's explained he sent the money as he'd been pressured and he'd been told if he didn't make them, he'd be liable for the debt. He said he knew, deep down, this was part of a scam and that he went along with it so that the money was moved away from his account.

So, even accepting Mr C felt panicked and threatened, wasn't "*thinking straight*", went along with things thinking he wouldn't be liable for the debt, and that he wanted to put a stop to the fraudster's contact, I can't reasonably find he believed what he was doing was 'above board' or that, fundamentally, he made the payments believing they were for a 'legitimate' purpose. In other words, I can't say that the payments meet the definition of an APP scam under the CRM Code. And so I can't reasonably ask Barclays to refund them under those provisions.

Prevention

The regulatory landscape and good industry practice sets out requirements, outside of the CRM Code, for firms to monitor accounts and have systems in place to look out for unusual transactions which might indicate its customers are at risk of financial harm from fraud. I'd expect them to take additional steps before processing payments in some circumstances.

Here, we know Barclays did identify a risk on a number of the payments. It spoke to Mr C to find out more about them on several occasions. For example, on 19 July 2024, in relation to the £10,000 transfer, Mr C told Barclays he was paying for the builder to buy materials and work on his property. When asked if he trusted the builder, he replied "*oh yes, he's already done some of the work*". He said the work was to a good standard, he knew the builder, and that he wasn't concerned about it being a scam. He mentioned work was still to be done on 'patios' and 'fences'. At the end of the call, he was specifically warned that fraudsters guide their victims on what to say, and he was given an example where a customer was stopped from getting their money back as a result of providing the bank with misleading information.

Another call took place, on 22 July 2024, during which Mr C again told Barclays he was paying for renovation work and that he'd known the builder for years. He said the work would cost about £80,000 in total and more money would therefore be coming out in future. He said he'd also be paying for the purchase of a car. And confirmed he was happy to send the money, despite being warned it'd be difficult to recover it if things turned out to be a scam.

In a further call, on 23 July 2024, Mr C told Barclays he was renovating the whole house and that his payment was for "*landscaping*" that had been carried out by a subcontractor. He said he knew the builder responsible for overseeing the work. He again confirmed the payment was genuine. I also note that, when specifically asked if anyone had *threatened* him or if he was under *duress* to make the payment, Mr C replied "*No*".

I'm satisfied Barclays took proportionate steps when it intervened to find out more about the circumstances surrounding the payments. In my view, Mr C talked confidently during the calls. There was nothing to suggest duress or coercion. I can't overlook that Mr C wasn't prepared to reveal anything significant about what was really happening when questioned. And although Mr C may have been coached by the fraudster, and Barclays' interventions did not expose the fraud, I don't consider this was a result of any failings on its part. I'm also not persuaded that things would have played out very differently, even if I were to find Barclays should have taken more (proportionate) steps or intervened more often than it did.

Other matters

In appealing our Investigator's outcome, Mr C has said that Barclays' decision to close the account added further distress. He said the lack of support compounded the emotional and financial impact. He's also said Barclays should have done more to recover the funds.

The records show the scam was raised with Barclays in August 2024. It wasn't until 1 October that Mr C was informed of its outcome. I realise this took longer than he was told to expect. At the same time, the matter wasn't straightforward and more information was needed before it could reach a decision. I don't think the time taken was unreasonable overall or that any impact was such that an award is warranted. I note Barclays' letter did include details of an independent charity for victims of crime. Further details of support charities were provided when Barclays responded to Mr C's complaint. So, I'm satisfied Barclays did what it could in signposting Mr C to some of the help available.

I'm aware that notice of account closure was also sent to Mr C on 1 October 2024. I can understand why this would have caused him additional distress at an already difficult time. But I agree that the account closure was a decision Barclays was entitled to take. I'm also satisfied the two months' notice was reasonable and in line with the account's terms.

As for recovery, I'd expect a bank to take reasonable steps to recover lost funds. However, as this fraud was reported some days after the last payment was made, the chances of successful recovery were highly unlikely. I've seen that Barclays did what it could by contacting the receiving banks once it was informed of the scam but all that was recovered was £1.97, which I think Barclays can fairly offset against any outstanding borrowing.

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs C and Mr C to accept or reject my decision before 5 January 2026.

Thomas Cardia
Ombudsman