

The complaint

Ms B complains Barclays Bank UK PLC won't refund her in full for the money she says she lost to a scam.

What happened

Ms B used her Barclays account to send a series of payments totalling £17,000 to a company, "H", in 2020. It was part of a group of property/rental development companies, (which I'll collectively refer to as H for ease) which offered loan notes to investors to raise money for its projects.

The company paid was subsequently dissolved and H went into administration. In 2024, Ms B reported to Barclays that she believed she had been scammed. Barclays considered her claim under the terms of the Contingent Reimbursement Model (CRM) code and refunded half of her loss.

Ms B subsequently complained to Barclays via a professional representative ("the representative") and then referred the matter on to our service. The representative said she should be refunded in full under the terms of the CRM code (and paid further compensation). But Barclays said it considered the matter a civil dispute rather than a scam, so it wouldn't agree to offer any further refund.

Our investigator didn't uphold Ms B's complaint; he considered it likely the loss was due to a failed investment rather than a scam. In response, Ms B's representative put forward some further information – such as a report into H by a specialist forensic accountant and a judgment involving a subsidiary of H (different to the one Ms B paid) raising money while insolvent. The investigator considered this information, but it didn't change his outcome.

Ms B has appealed the investigator's findings so the case has been passed to me. In summary, the representative argues there are credible concerns and allegations against H suggesting it wasn't correctly representing how funds would be handled. It believes H was dishonest and induced Ms B to make the payments under false pretences.

Specific factors the representative has referred to include that H hasn't filed accounts since 2018; its use of unregulated introducers receiving high commission; and an ongoing liquidator investigation into H. The representative says the absence of definitive proof doesn't mean no scam occurred – and it's premature to reject the claim under the CRM code.

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. I'll explain why.

To start, I want to reassure both sides that I've considered all their submissions in full when reaching my decision. The background and arguments set out above are simply a summary of what has been provided. Given the extensive submissions, I won't be responding to each allegation or point made; instead, I'll be focussing on the main points relevant to my determination.

It's agreed Ms B authorised the payments she is now disputing. In broad terms, the starting position in law is that firms are expected to process its customers' authorised payment instructions without undue delay – meaning Ms B is presumed liable for her loss in the first instance.

However, as Ms B says she was tricked into making the payments due to a scam, there are some further considerations relevant to whether it might be fair to hold Barclays liable for her loss. Of particular relevance here is the CRM code, which Barclays was signatory to at the time of the payments.

This code requires firms to reimburse customers who fall victim to Authorised Push Payment (APP) scams in all but a limited number of circumstances. But it doesn't cover private civil disputes – such as where a customer pays a legitimate supplier for goods or services but hasn't received them, they are defective in some way, or the customer is otherwise dissatisfied with the supplier. So, the CRM code wouldn't apply to a genuine investment scheme that failed.

Following Ms B's complaint, Barclays said it wasn't liable to refund anything further as the matter was a private civil dispute rather than a scam. I therefore need to consider whether, on balance, Ms B's payments met the CRM code's definition of an APP scam:

“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.”*

I consider it clear Ms B intended to pay H for what she believed was a legitimate purpose (for a property development investment). So, I need to consider whether H's intended purpose for the payments it received broadly matched Ms B's – to determine whether there was a dishonest deception by H in order to deprive her of these funds.

I've looked at the arguments/submissions put forward by the representative about why it thinks H was operating a scam. A lot of adverse inferences have been drawn from incomplete information. While there is evidence of poor business practice and financial mismanagement, I don't think there is enough to demonstrate H induced Ms B to make these payments through fraudulent deception.

H completed three separate developments. It was also working on other projects which it sold on to other developers when it ran into financial difficulty. These actions are indicative of a legitimate operation. It would involve a lot of work and cost to complete three large scale building projects as a premise for going on to operate a scam, as has been suggested – so I don't consider that the more likely explanation. Rather, I consider this an indication H was more likely planning on using Ms B's funds for other building projects.

The representative believes H was fraudulently misappropriating funds. But I'm not persuaded there is reliable evidence to show that's the more likely explanation. H spent significant sums on property acquisition. While the representative has provided a report concluding it may have been operating fraudulently, this was completed without access to its accounting or banking records, reducing how much weight can be placed on its conclusions. The absence of information isn't enough for me to conclude it's likely funds were being fraudulently obtained and used.

I'm aware H paid high commission to unregulated introducers – which the representative argues is indicative of fraud. But I don't think the lack of regulation by the introducers, nor the use of commission, is enough to show H wasn't intending to use the money it received to fund building projects.

A judgment has been provided to show a company within the H group traded while insolvent. But this wasn't the company Ms B paid. It's also been pointed out that the main H entity hasn't filed accounts since 2018. The representative argues this (and H's overall behaviour) constitutes material dishonesty. However, H did work on/complete projects after it stopped filing accounts. While this is poor business practice, I'm not persuaded it's enough to demonstrate H was operating a scam at the time of Ms B's payments.

It does appear H has failed to cooperate with administrators. But again, I don't think there is persuasive evidence to show this was done to hide fraudulent activity. Investigations into H are ongoing. As things stand, I haven't seen any persuasive evidence from H's liquidator, or any other external bodies, to show it was taking payments for developments which it had no intention of completing.

The representative suggests it's premature to deny reimbursement under the CRM code. But I have to consider whether it's likely H took Ms B's payments for a purpose which substantially differed from what she expected. And I don't think the available information supports that conclusion – meaning I don't think the disputed payments meet the definition of an APP scam under the CRM code. That means its provisions don't apply here. I also haven't seen any persuasive evidence to show why/whether any contact with Barclays at the time of these payments would reasonably have uncovered scam concerns – given I've not found there is sufficient evidence now to show it was operating a scam.

In the circumstances, I don't think it would be fair to direct Barclays to reimburse Ms B further or otherwise compensate her in relation to this complaint. If new material evidence comes to light at a later date suggesting H was operating a scam, she may be able to ask Barclays to reconsider whether any further refund is due.

My final decision

For the reasons given above, my final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms B to accept or reject my decision before 5 December 2025.

Rachel Loughlin
Ombudsman