

The complaint

Mr B complains that Barclays Bank UK PLC did not reimburse the funds he says he lost to a scam.

Mr B has a professional representative, but I will only refer to him throughout this decision for simplicity.

What happened

Mr B's son introduced him to an individual I will refer to as X for the purposes of this decision. Mr B's son had met X at his previous place of work and went on to carry out some work directly for X and his company.

X was offering investment opportunities for property development. Mr B says X asked him to provide investment in the form of a loan that would help fund the purchase of a house in poor condition. The house was for sale at £22,000 and X planned to carry out £22,000 worth of renovations with a view to make around £18,000 in profit overall. The newly refurbished house could then either be sold or rented out to generate the returns. Mr B met X, spoke with him at length and visited some of his properties. When he was satisfied X and the investment was genuine, he transferred £8,000 from his Barclays account to X on 5 October 2020, and other family members invested at the same time.

X did send Mr B £5,000 on 29 April 2022, but he says this was after considerable chasing as it was needed to help fund the wedding of Mr B's son. After this, they received no further returns despite promises from X they would be paid. Eventually, contact was cut and X declared bankruptcy in March 2024.

Mr B raised a scam claim with Barclays, but they were unable to carry out a full investigation prior to the case being referred to our service. In their business file, they confirmed they felt it was more likely this was a civil dispute and that it did not meet the bar of a scam.

Our Investigator looked into the complaint but did not think they had seen enough to be satisfied a scam had occurred as described in the Lending Standards Board's Contingent Reimbursement Model ("CRM") Code. They noted a lack of evidence around what the agreement was between Mr B and X. They also said Mr B's son continued to speak with and work for X for many years after the initial investment was made and X did give Mr B partial returns of £5,000. They felt this was not the usual actions of a scammer who intended to defraud Mr B from the outset. Our Investigator also reviewed the receiving bank statements and felt the financial activity within them matched what you would expect for someone involved in property development. So, they felt the £8,000 payment did not meet the bar of an authorised push payment ("APP") scam.

Mr B disagreed with the findings and highlighted X had been convicted previously and had been a director of a company where some of the other directors were charged with fraud. He also felt we should consider what X had said to other investors as he felt the investment model seemed improbable and this was evidenced by the fact no other investors received returns.

As an informal agreement could not be reached, the complaint has been passed to me for a final decision.

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.

It isn't in dispute that Mr B authorised the payment of £8,000. Because of this the starting position – in line with the Payment Services Regulations 2017 – is that he's liable for the transaction. But he says that he has been the victim of an authorised push payment (APP) scam.

Barclays has signed up to the voluntary CRM Code, which provides additional protection to scam victims. Under the CRM Code, the starting principle is that a firm should reimburse a customer who is the victim of an APP scam (except in limited circumstances). But the CRM Code only applies if the definition of an APP scam, as set out in it, is met. I have set this definition out below:

...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.*

The CRM Code is also explicit that it doesn't apply to private civil disputes. The wording in the code is as follows:

"This Code does not apply to:

- b) 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."*

I've therefore considered whether the payment Mr B made to X falls under the scope of an APP scam as set out above. Having done so, I don't agree that it does. I'll explain why in more detail.

I've firstly considered what Mr B's understanding of the investment was. He has confirmed he did not sign any agreement and was not even fully aware of the full address of the property he was helping X invest in. But he has provided an e-mail from X to Mr B's son detailing a property he was purchasing for £22,000 and that he needed a further £22,000 on top of the purchase price for the renovation. There were expected profits of £18,000 and X said the property could either be sold or retained and rented.

This e-mail was sent to Mr B's son just a few days before Mr B transferred X £8,000. He has said other family members also sent funds to join in on the investment and together they sent a total of £42,000 to X. I therefore think it is more likely Mr B's intended purpose for the funds was to provide X with a loan to purchase the property and renovate it. However, it does not tell me what Mr B's expected returns were, when he was expecting to receive these and if there were any other conditions to the loan or the investment.

Mr B has raised a number of complaint points, including that X had pitched to potential investors that he was unable to acquire properties himself due to a non-disclosure confidentiality agreement and the purchase would need to be in the investor's names. He has also said that the Land Registry website would show that the properties involved never changed hands. However, I cannot see any evidence this is how the investment was pitched to Mr B specifically, and I've been provided with no evidence related to the Land Registry for this case, so I do not think this point is relevant. Instead, I will focus on what Mr B was told and what his understanding of the investment was.

I have not been provided with any tangible evidence to show X took Mr B's money with the intention to defraud him from the outset. And X has not acted like a typical scammer based on my experience of these cases. I say this because X maintained contact with Mr B's son for around four years after he transferred the £8,000. X also went on to hire Mr B's son to carry out some work for him.

On balance I would not expect a scammer to maintain such strong connections with individuals he set out to defraud from the outset. In addition to this, X returned £5,000 to Mr B in April 2022 and while this was apparently after much chasing, I do think it is unusual for a genuine scammer to pay back the majority of the original investment two years later if he set out to defraud Mr B.

I have reviewed the receiving back account statements for X. Due to data protection issues, I cannot go into detail about what these show. But having reviewed them, I am satisfied that the account activity matches what I would expect for an individual that buys and rents property. And I do not think they suggest there has been a misappropriation of funds or that there was fraudulent intent from the outset. I do accept that X should have been using a business account to process the payments, but I do not think him using a personal account is enough to suggest he had fraudulent intent for the payments.

Mr B has mentioned X's previous convictions, however I do not think the specific convictions he received have any relevance to whether or not he intended to defraud customers through his property investment scheme. Mr B has also mentioned a previous company X was a director of which it has been revealed was operating as a scam. However, X himself has never been convicted with fraud as a result of directing this company, and so without any evidence suggesting he was party to the fraud I cannot consider this further.

Mr B has also mentioned that X is currently being investigated by the police. But the outcome of this investigation, or of any subsequent action taken against him is not yet known. If significant new evidence subsequently becomes available which suggests that X was operating a scam, I would suggest Mr B raise this with Barclays directly. And I would expect Barclays to consider his claim in light of that new evidence. But, based on the evidence I have at the moment, I can't see that this investigation shows X was operating a scam here.

I have not seen enough evidence for me to be satisfied it is more likely than not that X took Mr B's money with the intention to defraud him from the outset. The lack of tangible evidence of a scam, the pattern of behaviour of X and his prolonged contact with Mr B's son along with his eventual bankruptcy all suggest this was a failed investment. I therefore think it is reasonable that Barclays treated this as a civil dispute and did not reimburse Mr B in the circumstances.

My final decision

I do not uphold Mr B's complaint against Barclays Bank UK PLC.

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

Rebecca Norris

Ombudsman