

## **The complaint**

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

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

## **What happened**

Mrs B's son introduced her to an individual I will refer to as X for the purposes of this decision. Mrs 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. Mrs B says X asked her 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.

Mrs B met X, spoke with him at length and visited some of his properties. When she was satisfied X and the investment was genuine, she transferred £13,000 from her Barclays account to X on 5 October 2020, and other family members invested at the same time, including her husband.

X did send Mrs B's husband £5,000 on 29 April 2022, but she says this was after considerable chasing as it was needed to help fund the wedding of Mrs 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.

Mrs 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 and reviewed the payment under the Lending Standards Board's Contingent Reimbursement Model ("CRM") Code. They felt it was fair for an exception to full reimbursement be applied under the Code and recommended a refund of 50% of the payment. However, soon after this, our service was able to consider wider information and in doing so, the Investigator no longer felt the complaint met the bar of an authorised push payment ("APP") scam. And they thought Barclays acted reasonably when it treated the claim as a civil dispute.

Mrs 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. She also felt we should consider what X had said to other investors as she 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 Mrs B authorised the payment of £13,000. Because of this the starting position – in line with the Payment Services Regulations 2017 – is that she's liable for the transaction. But she says that she 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 Mrs 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 Mrs B's understanding of the investment was. She has confirmed she did not sign any agreement and was not even fully aware of the full address of the property she was helping X invest in. But she has provided an e-mail from X to her 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 Mrs B's son just a few days before Mrs B transferred X £13,000. She 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 Mrs 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 Mrs B's expected returns were, when she was expecting to receive these and if there were any other conditions to the loan or the investment.

Mrs 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. She 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 Mrs 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 Mrs B was told and what her understanding of the investment was.

I have not been provided with any tangible evidence to show X took Mrs B's money with the intention to defraud her 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 Mrs B's son for around four years after she transferred the £13,000. X also went on to hire Mrs 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 Mrs B's husband 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 Mrs B and her family.

I have reviewed the receiving bank 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.

Mrs 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. Mrs 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.

Mrs 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 X was operating a scam, I would suggest Mrs B raise this with Barclays directly. And I would expect Barclays to consider her 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 that it is more likely X took Mrs B's money with the intention to defraud her. The lack of tangible evidence of a scam, along with the pattern of behaviour of X and his prolonged contact with Mrs 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 Mrs B in the circumstances.

### **My final decision**

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

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

Rebecca Norris  
**Ombudsman**