

## **The complaint**

Mrs T complains that Barclays Bank UK PLC ('Barclays') won't refund the money she says was lost as the result of a scam.

## **What happened**

The background to this complaint isn't in dispute so I won't go into detail. But, in summary, this is what I understand to have happened.

Mrs T found a company offering an investment in holiday lodges. I'll refer to the company offering the investment as B. Mrs T dealt with an advisor/sales agent who told her the investment would provide a 9% return with quarterly interest payments for a 5 year period. On the completion of the 5 year term, she would get her money back with a boost bonus of £10,000.

Mrs T made three payments to B in April and May 2021. The first payment was for £1,000, followed by payments for £23,951 and £49,999. She received returns between July 2021 and April 2024.

Ultimately, the companies involved in the investment went into administration in 2024.

Through a professional representative, Mrs T raised a fraud claim. Barclays considered her claim but declined to refund her, saying it was a genuine investment that had failed, so they're not liable.

Mrs T wasn't happy with Barclays' response, so she brought a complaint to our service.

An investigator looked into Mrs T's complaint but didn't uphold it. The investigator wasn't satisfied that Mrs T had provided evidence that she was the victim of an APP scam as set out in the Contingent Reimbursement Model Code (CRM Code). The investigator explained that the evidence provided didn't prove that Mrs T's funds weren't used for the intended purpose.

Mrs T disagreed with the investigator's opinion and asked for an ombudsman to review her case. She provided additional evidence and raised the following points:

- The administrators say the scheme bears the hallmarks of a sophisticated investment fraud.
- There are questions about where the investors' money went and what it was used for.
- Investors were not told the truth about the planning permission, which didn't exist at all for one site and only existed for a small number of lodges on the other site.
- Those behind the scheme set out to create the false impression that investors would own the land and the lodge built on it.

## **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.

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 are 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 2017 (PSR's). It's not in dispute that Mrs T authorised these payments, although she did so not realising that she might suffer a financial loss as a result.

### Is Mrs T entitled to a refund under the CRM Code?

Barclays are a signatory of the CRM Code, which requires firms to reimburse customers who have been the victims of Authorised Push Payment (APP) scams, in all but a limited number of circumstances. But the CRM Code defines what is considered an APP scam as "where the customer transferred funds to another person for what they believed were legitimate purposes, but which were in fact fraudulent".

In order to decide whether the circumstances under which Mrs T made her payments, meets the definition of an APP scam, I need to consider:

- The purpose of the payments and whether Mrs T thought this purpose was legitimate.
- The purpose the recipient (B) had in mind at the time of the payments and whether this was broadly in line with what Mrs T understood the purpose to be.
- And, if I decide there was a significant difference in these purposes, whether I'm satisfied that was as a result of dishonest deception.

Mrs T was making the payments as part of an investment in a holiday lodge. Based on the documentation Mrs T was given there was no reason for her to think this wasn't a legitimate purpose.

So, I've gone on to consider what purpose B had in mind and whether it was in line with what Mrs T thought.

In reaching an answer on what purpose B had in mind, I've considered the wider circumstances surrounding B, its directors and the business linked with the investment. The key information to this case is:

- This development of holiday lodges on two sites was a joint venture between two companies. The company that Mrs T paid (B) appears to have been set up as the joint venture company to facilitate this. It appears that there was a breakdown in the relationship between the two companies involved in the joint venture, and it's

possible that this is the reason that the investment failed, as opposed to being due to fraud.

- Of the two sites, at least one appears to have been completed and is operating with lodges rented out to holidaymakers. Also there appears to have been planning permission held, or sought, to develop the holiday lodges on these sites. This suggests that B and the linked companies genuinely intended to build or develop the sites.
- There isn't evidence that shows the investors' funds weren't used for the intended purpose or that they were obtained fraudulently. It's likely that clear evidence of what investors' funds were used for will be available following the conclusion of the investigations by the Police and the administrators. If this evidence comes to light at a later date, Mrs T can ask Barclays to reconsider her claim.
- Mrs T has referred to the administrator's comment that the scheme bears all the hallmarks of an investment scam. However, this isn't supported by evidence and is only an allegation.
- It's possible that the advisor/sales agent Mrs T used to make the investment may've made misrepresentations. I'm not satisfied this proves that B and the linked companies sought to defraud investors. If the advisor/sales agent that Mrs T used was regulated, she may be able to raise a complaint about the advice she received. Also, misrepresentation doesn't necessarily mean that Mrs T's payments would meet the definition of an APP scam. As the first test that needs to be met is for Mrs T to prove that B had a different purpose in mind for the funds when she made her payments, and that her funds were not used for the intended purpose.

Taking all these points into consideration as a whole, I'm not satisfied that there is sufficient evidence to prove Mrs T's funds weren't used in the agreed manner by B or that the purpose B had in mind was different to Mrs T's. On that basis, I'm not satisfied that Mrs T's payments meet the definition of an APP scam and therefore they aren't covered by the CRM Code.

Is there any other reason I could hold Barclays liable for Mrs T's loss?

At the time the payments were made, Barclays should fairly and reasonably have been monitoring accounts and any payments made or received to counter various risks, including preventing fraud and scams. Also, I'd expect Barclays to have systems in place to look out for unusual transactions or other signs that might indicate that its customers were at risk of fraud (among other things). And where a potential risk of financial harm is identified, to have taken additional steps, or made additional checks, or provided additional warnings, before processing a payment.

In this case, I'm satisfied that the second payment Mrs T made was so unusual and out of character, compared to her previous account activity, that I would've expected Barclays to have intervened. As part of that intervention, Barclays should've asked open and probing questions about the payments, which might've included, how Mrs T found the investment, what documentation and information she'd received, and what checks she'd completed on the company offering the investment.

Mrs T was making the payment through an advisor/sales agent and says she had completed various checks. Mrs T spoke to the advisor/sales agent multiple times before deciding to invest, checked online reviews and Companies House. She also asked to have a solicitor involved and used a solicitor referred by the advisor/sales agent. All of the documentation that Mrs T received in relation to the investment was professional and looked legitimate.

So, I'm not satisfied that I can fairly say Mrs T would've shared any information with Barclays that would've suggested she might be falling victim to a scam. I think Barclays would've been reassured that a solicitor was involved in the transaction.

Having carefully considered the evidence, I'm not satisfied that intervention by Barclays would've prevented Mrs T from making the payments or prevented her loss.

I'm really sorry to disappoint Mrs T, but I'm not satisfied that I can fairly hold Barclays liable for her loss or ask them to refund her.

### **My final decision**

My final decision is that I don't uphold this complaint against Barclays Bank UK PLC.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs T to accept or reject my decision before 11 December 2025.

Lisa Lowe  
**Ombudsman**