

The complaint

Mrs P complains Barclays Bank UK PLC ('Barclays') won't refund the money she lost when she fell victim to a scam.

What happened

Mrs P was introduced to an investment opportunity through a friend who knew the directors of the company offering the investment. I'll refer to the company as 'B'. Mrs P says her friend had seen returns and assured her about the investment.

Mrs P says she attended Zoom meetings with representatives of B where the opportunity was discussed and she was also able to see live trades during the meetings.

Mrs P's understanding was that she would enter into a 'loan agreement' with B. The agreement Mrs P believed she had entered set out that she would loan B £20,000 and B would pay interest at a rate of 25% per annum which would be repaid to her after 12 months.

I have set out the payments Mrs P made to B from her Barclays account in the table below.

Payment	Date	Payee	Payment type	Amount
1	18 June 2020	Bank account in the name of B	Transfer	£10,000
2	18 June 2020	Bank account in the name of B	Transfer	£2,000
3	18 June 2020	Bank account in the name of B	Transfer	£3,000
4	18 June 2020	Bank account in the name of B	Transfer	£5,000
			Total loss	£20,000

In June 2021, Mrs P entered a 'renewal' agreement. This appears to have been to reinvest her original capital, plus the interest earned, into a new agreement. Similar to before, this was supposedly a loan to B for £25,000 and B would pay interest at a rate of 25% per annum, to be repaid to Mrs P after 12 months – in June 2022.

Mrs P says she discovered it was a scam when she didn't receive any of her money back. She had also heard other investors had stopped receiving their returns and B went out of business.

Mrs P reported the matter to Barclays in January 2025 to try and recover her funds or to be reimbursed her loss under the provisions of the Contingent Reimbursement Model Code ('CRM Code'). This was a voluntary code that Barclays was a signatory of and was in force at the time Mrs P made her payments.

The CRM Code required firms to reimburse customers who had been the victims of Authorised Push Payment ('APP') scams in all but a limited number of circumstances.

Barclays investigated the claim and told Mrs P that it felt this was a 'civil dispute' and not a scam. Mrs P disagreed and raised a complaint. Barclays issued a response and said it had reached a fair decision, but also commented that it took appropriate steps to stop the scam and said that Mrs P could have done more to research B in more detail before making the payments.

Through a professional representative, Mrs P referred the matter to the Financial Ombudsman Service in March 2025.

Barclays said:

- It deems the matter to be a civil dispute in that Mrs P paid a genuine company that went into administration. Mrs P signed a loan agreement, signed by the directors of B and the funds were sent to the intended beneficiary.
- B was registered with Companies House and its books were up to date at the time of the payments.
- It's unclear whether there was any criminality or if this was just a poorly run business and it had seen no evidence of intent to defraud from the outset.

One of our Investigators looked into the matter and upheld Mrs P's complaint. In short, they concluded that Mrs P had fallen victim to a scam. Our Investigator acknowledged that there was an ongoing police investigation but felt there was enough evidence available to suggest B was more likely than not operating as a scam. As such, our Investigator recommended a full refund of the payments Mrs P made, as well as adding 8% simple interest per year on that amount, from the date Mrs P's claim was declined under the CRM Code to the date of settlement.

Mrs P accepted the findings. But Barclays, while not providing a specific response regarding the merits of Mrs P's complaint, broadly responded to our service to say it disagreed. In short it considered our service should dismiss this complaint under the DISP rules that govern our service in which it cited DISP 3.3.4A.

Our service, due to data protection laws, was unable to share with Barclays specific information about the beneficiary account(s), such as the statements we had obtained – as they had been provided by the relevant beneficiary banks in confidence to allow our service to discharge our investigatory functions, which is to enable the determination of the complaint as to whether B was likely operating a scam. But I'm aware that a summary of B's accounts and its income and expenditure was provided to Barclays in July 2025.

Because 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.

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 have been good industry practice at the time.

Barclays has advised that our service should dismiss this complaint under the rules that govern our service (the DISP Rules) citing DISP 3.3.4A which states:

“(5) dealing with such a type of complaint would otherwise seriously impair the effective operation of the Financial Ombudsman Service.”

Barclays hasn't provided any specific reasons as to why it considers our service should dismiss Mrs P's complaint. I am aware there is an ongoing police investigation – but I don't find that that in and of itself means it would be automatically appropriate to dismiss the complaint. Our service is an informal dispute resolution provider that is fair and impartial and aims to settle disputes between businesses and consumers. I have to consider the complaint before me and whether, based on the evidence available, it was fair and reasonable for Barclays to decline reimbursing Mrs P under the provisions of the CRM Code.

While there is an ongoing police investigation, for reasons I will go on to explain, I consider I am able to reach a final decision on what I consider is a fair answer to the complaint. So, I don't consider it would be fair or appropriate to dismiss the complaint.

Barclays was a signatory to the CRM Code. It required firms to reimburse victims of APP scams in all but a limited number of circumstances. Barclays says B was a genuine investment opportunity that had failed and considers the matter to be a civil dispute between the parties – which is not something covered by the provisions of the CRM Code.

This is the main point of dispute – whether B was operating as a scam or not. Bearing in mind the ongoing police investigation into B, I have considered whether it would be appropriate to delay my decision in the interests of fairness.

There may be circumstances and cases where it's appropriate to wait for the outcome of external investigations. But that isn't necessarily so in every case, as it may be possible to reach conclusions on the main issues on the basis of evidence already available. And it may be that the investigations or proceedings aren't looking at quite the same issues or doing so in the most helpful way.

In order to determine Mrs P's complaint, I've considered whether, on the balance of probabilities, the available evidence indicates that it's more likely than not that Mrs P was the victim of a scam rather than a failed investment. But I wouldn't proceed to that determination if I consider fairness to the parties demands that I delay doing so.

Mrs P first raised her claim with Barclays in January 2025, and I need to bear in mind that this service exists for the purpose of resolving complaints quickly and with minimum formality. With that in mind, I don't think delaying giving Mrs P an answer for an unspecified length of time would be appropriate unless truly justified. And I do not think it is fair to the parties to a complaint to put off my decision unless it is likely to help significantly when it comes to deciding the issues, bearing in mind the evidence already available to me.

I'm aware that the ongoing police investigation might later result in some recoveries for B's 'investors'. In order to avoid the risk of double recovery, I think Barclays would be entitled to take, if it wishes, an assignment of the rights to all future distributions to Mrs P under those processes in respect of this investment, before paying anything I might award to her on this complaint.

I don't think it's necessary to wait for the outcome of the ongoing police investigation for me to fairly reach a decision on whether Barclays should reimburse Mrs P under the provisions of the CRM Code. In view of the evidence already available to me, I don't consider it likely that delaying my decision would significantly help in deciding the issues. There is no certainty that any prosecution will result from the police investigation, nor what, if any, new light they would bring to the evidence and issues I've referred to.

Was there an APP scam?

In order to reach a decision, I've considered the definition of an APP scam under the CRM Code, which defines an APP scam as:

“...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.”*

DS2(2)(b) explains that the CRM Code does not apply to:

“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”

The CRM Code only applies if the definition of an APP scam is met and doesn't apply to private civil disputes. So, it wouldn't apply to a payment made for a genuine investment that subsequently failed.

There's no dispute that Mrs P's funds were transferred to the intended recipient, so to decide whether Mrs P is the victim of an APP scam as defined in the CRM Code I have considered:

- The purpose of the payments and whether Mrs P thought this purpose was legitimate.
- The purpose the recipient (B) had in mind at the time of the payments, and whether this broadly aligned with what Mrs P understood to have been the purpose of the payments.
- Whether there was a significant difference in these purposes, and if so, whether it could be said this was as a result of dishonest deception.

Mrs P sent a significant amount of money to B which she believed would be used for general investment purposes and repaid in full, with interest, at the end of 12 months. Mrs P believed B was legitimate and that her purpose for paying B was also legitimate.

I've considered whether there's convincing evidence to demonstrate that B's purpose for the payments was fraudulent. That is, whether B's purpose must have been to misappropriate Mrs P's funds or otherwise deprive her of her money, rather than to use it for the purpose believed by Mrs P.

B had some features that gave it the impression of a legitimate business and investment operation. There are individuals associated with B who held in-person meetings and online events to promote the investment. And many people who lost money had been introduced to the scheme through personal recommendations (sometimes by people who'd successfully withdrawn significant 'profits' from the scheme).

However, I've found the following facts to be persuasive evidence that B was operating as a scam:

- received around £28,000,000 in investment funds – however, of these funds, only

around £4,700,000 *appears* to have been invested (so less than 17% of funds received) – and of this money invested, B made a loss of around £600,000.

- despite this low proportion of investment, B still paid out around £19,000,000 to investors (so around 68% of capital received). Therefore, it seems a large proportion of ‘returns’ investors were seeing weren’t in fact investment returns – but funds provided to B by other investors.
- so, it seems B was sending funds to investors to give the impression that it was performing as expected, the likely intention of which was to obtain further investment into what was an overall scam.
- additionally, while not all investor payments were made directly to B, we’ve seen evidence that notable proportions of payments made to other firms were passed on both to B and other firms under the same director, with little to no evidence of genuine trading activity.
- this is supported by the fact that B was also never regulated by the FCA, which it needed to be to undertake the activity it was alleging to be engaged in.

Considering all of the above, I’m satisfied, on the balance of probabilities, that the money Mrs P sent to B was not used for its intended purpose. The evidence suggests that Mrs P’s payments went towards a scam, rather than a failed investment.

Because I’m satisfied Mrs P has most likely been the victim of an APP scam, I’ve considered whether she should be reimbursed under the CRM Code.

Is Mrs P entitled to reimbursement under the CRM Code?

Under the CRM Code, a Sending Firm (in this case Barclays) may choose not to reimburse a customer if it can establish that*:

- ...The customer made the payment without having a reasonable basis for believing that:
 - the payee was the person the Customer was expecting to pay;
 - the payment was for genuine goods or services; and/or
 - the person or business with whom they transacted was legitimate
- The customer ignored what the CRM Code refers to as an ‘Effective Warning’ by failing to take appropriate action in response to such an Effective Warning.

**Further exceptions outlined in the CRM Code do not apply to this case.*

When assessing whether it can establish these things, Barclays must consider whether they would have had a ‘*material effect on preventing the APP scam*’.

I have considered whether Mrs P has a reasonable basis to believe B was legitimate and was providing a genuine investment.

Mrs P was introduced to B through a close friend she'd known for a significant amount of time and whom she trusted. Her friend gave her information about the investment and the successes they'd experienced and seen. Mrs P said she also knew other friends who had invested and received payouts. Mrs P attended online meetings with the directors of B where she was given information about the investment and could see live trading happening as well as being shown testimonials from other investors. She was also provided with a loan agreement that set out the terms on which she was paying B. And the company was duly registered and active on Companies House at the time. With that in mind, I can see why Mrs P would have considered this to be a genuine opportunity.

I have thought about the fact that the returns promised were relatively high and should perhaps have caused Mrs P concern. But, and importantly, alongside this I also have to weigh up what Mrs P had been told about B by others, and what she had seen others seemingly get back in returns and how their investments were doing. I think the sophisticated aspects of the scam and the recommendations, outweigh the concerns that Mrs P perhaps ought to have had about the returns being claimed.

I've also considered that even now, several years later, Barclays still disputes B was operating as a scam. With all of this in mind, I think it would be unfair to suggest that Mrs P ought fairly and reasonably to have thought this was a scam at the time.

On balance, I think there was enough to reasonably convince Mrs P at the time that this was a genuine investment company. So I don't think Mrs P made the payments without a reasonable basis for belief that B and the investment was genuine.

I have also considered whether Barclays can rely on the exception to reimbursement that Mrs P ignored what the CRM Code deems to be an 'Effective Warning'. The first payment was made in branch, and Barclays says Mrs P was asked questions about the payment. But overall Barclays hasn't been able to evidence that Mrs P was provided with an Effective Warning on any of the payments – so it can't seek to rely on this as an exception to reimbursement.

With the above in mind, I don't think any of the exceptions to reimbursement under the CRM Code apply here. It follows that Barclays should reimburse Mrs P's outstanding losses in full.

Should Barclays have done anything else to prevent the scam?

Good industry practice requires that regulated firms such as Barclays engage in the monitoring of customer accounts and to be on the lookout for suspicious or out of character transactions with an aim of preventing fraud and protecting customers from financial harm.

While I appreciate Mrs P made the first payment in branch and was asked questions about it, I consider it unlikely that any intervention by Barclays at the time of the payment would have positively impacted her decision-making. And I don't think if Barclays had intervened on any of the subsequent payments, either party would have likely uncovered sufficient cause for concern about B at the time such that Mrs P would have chosen not to proceed with the payments.

Summary

Overall, I do not consider it necessary to dismiss the complaint or await the outcome of the ongoing police investigations into B and any subsequent proceedings that may happen as a result. I am satisfied, based on the evidence available, that Mrs P was more likely than not the victim of an APP scam. And her fraud claim is therefore covered by the provisions of the

CRM Code. I'm also satisfied no exceptions to reimbursement under the CRM Code apply. So, it follows that Barclays should reimburse Mrs P under the provisions of the CRM Code. And Barclays is entitled to take, if it so wishes, an assignment of the rights to all future distributions to Mrs P under any relevant processes whereby potential compensation or recovered funds may be returned to victims.

Putting things right

I uphold this complaint. Barclays Bank UK Plc should pay Mrs P:

- £20,000 she lost to the scam orchestrated by B; and
- 8% simple a year interest on that amount from the date Barclays declined Mrs P's claim, to the date of settlement.

My final decision

For the reasons given above, I uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs P to accept or reject my decision before 2 January 2026.

Mike Southgate
Ombudsman