

The complaint

Mrs F complains that Barclays Bank UK PLC ('Barclays') won't reimburse the funds she lost when she says she fell victim to a scam.

What happened

What Mrs F says

Mrs F says that in October 2023 she saw an advert about a rent-to-rent property investment scheme with a company I'll call R. She was sent documents, spoke to the directors of R and to other investors who were getting returns before investing £24,999. The investment related to three properties that Mrs F understood would be refurbished. Mrs F expected to receive £3,000 per month for a five-year period starting in January 2024. She says that the properties don't exist, and she has not received any returns.

Mrs F says that R has explained that all her funds went to a property management company I'll call G. G had a contract with R to pay R £6,000 a month, £3,000 of which R was meant to pass on to Mrs F. R told Mrs F that G hasn't paid it, so it is unable to pass any funds on to her. Mrs F says that she wasn't told about G before investing and that she is the victim of a scam.

Through a professional representative, Mrs F complained to Barclays in May 2024. She said Barclays failed to recognise an unusual and out of character payment and should reimburse her under the provisions of the Contingent Reimbursement Model Code ('CRM Code'). In support of her belief that R was operating a scam, Mrs F said:

- The flats that her money was meant to be used to renovate didn't exist.
- She was told that R would sign agreements with landlords, and this was in her contract. But this proved to be untrue as G had full control of the agreements. R deliberately misled her about the role of the management company and how much control it had.
- She didn't receive any returns.
- R agreed to pay Mrs F £180,000 over five years on an investment of £25,000. She says this demonstrates a scam.
- Discussion on a well-known landlord discussion website indicates R operated a Ponzi scheme.

What Barclays says

Barclays said that Mrs F needed to raise a fraud claim before it could investigate her complaint.

Mrs F brought a complaint to this service through her professional representative.

When Barclays was asked for its file, it said Mrs F or the person with delegated authority to act for her, hadn't raised a scam case and it had insufficient information to determine if there was an intent to defraud her at the time. Barclays asked for information like chats and communications with R and Mrs F's contract with R.

Our investigation so far

The investigator who considered this complaint didn't recommend that it be upheld. She said that Mrs F hadn't provided evidence to show that R didn't intend to act in accordance with her agreement with it, and her claim couldn't be considered under the CRM Code. The investigator went on to say that Barclays acted reasonably in processing the payment Mrs F made to R.

Mrs F, through her professional representative, didn't agree with the investigator's findings. I have summarised the main points she made below:

- Each party entered into the investment with a different purpose in mind. Mrs F invested in a rent-to-rent scheme to receive a monthly income. But she hasn't seen evidence that R ever managed any properties, and funds were sent to a third party (G) she wasn't told about. She says her funds weren't used for the intended purpose.
- On its website R made promises that were impossible to keep, such as guaranteed returns for the duration of the contract. She says that no genuine investment would offer guaranteed returns given the risk involved in investing, and these promises "match the main characteristics of an investment scam" and demonstrate an intent to defraud.
- Properties in question are shown as commercial properties. Such properties can't generally be legally used for short-term accommodation without specific planning permission, which is costly and time-consuming. Offering an investment without a plan to overcome legal and practical barriers whilst offering high and guaranteed short-term returns indicates fraudulent intent.
- The directors of R have left the country, and a new director is in place. Mrs F says that a genuine company would attempt to provide returns to investors and go into liquidation if it was unable to fulfil its obligations. And R was advertising for new investors while unable to pay returns to those who had already invested. This strongly suggests fraudulent intent and "matches characteristics of a Ponzi scheme".
- There are lots of others who haven't received the returns they expected. Mrs F provided a link to online reviews.

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, I am required to take into account relevant law and regulations, regulators' rules, guidance and standards, and codes of practice; and, where appropriate, I must also take into account what I consider to have been good industry practice at the time.

Barclays is a signatory to the Lending Standards Board's Contingent Reimbursement Model Code (CRM Code). Under this code, the starting principle is that a firm should reimburse a customer who is the victim of an authorised push payment (APP) scam, except in limited circumstances. But the CRM Code only applies if the definition of an authorised push payment (APP) scam, as set out in it, is met.

I have considered whether Mrs F's claim falls within the scope of the CRM Code, which defines an APP scam as:

...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) *(ii) The Customer transferred funds to another person for what they believed were legitimate purposes but which were in fact fraudulent.*

It is for Mrs F to demonstrate that she is the victim of an APP scam.

To decide whether Mrs F is the victim of an APP scam as defined in the CRM Code I have considered:

- The purpose of the payment and whether Mrs F thought this purpose was legitimate.
- The purpose the recipient (R) had in mind at the time of the payment, and whether this broadly aligned with what Mrs F understood to have been the purpose of the payment.
- 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 F thought she was investing in a rent-to-rent property investment scheme. I haven't seen anything to suggest that she didn't consider this to be a legitimate purpose.

I've gone on to consider the available evidence and R's purpose in taking Mrs F's funds. Having done so, I'm not satisfied that Mrs F has demonstrated it's more likely than not R had a different purpose in mind or that there was fraudulent intent.

I can see that R is a registered company that was incorporated in April 2022. The First Gazette notice for compulsory strike off was filed in July 2025, so at the time Mrs F invested R was an active company. There are genuine reasons why there could be a proposal to strike off.

Mrs F has said that R was operating a scam because it offered very high and guaranteed returns and because she wasn't aware of the involvement of G. Having considered the Joint Venture Agreement signed by Mrs F and a representative of R dated 28 September 2023, I'm not persuaded this was the case.

The Joint Venture Agreement set out that R expected to receive approximately £6,000 rental income from one property management company and that R would pay Mrs F 50% each month. So, the involvement of a property management company was clearly set out – it just wasn't named. The contract also makes it clear that Mrs F will receive £180,000, "subject to [R] receiving the Payment from the management company. [R] is not responsible for the risk of non-payment from the management company/guests/landlords (Entities) but both [R] and the Directors undertake to make their best efforts to recover all Payments due from the relevant entities". I think it's clear from this clause of the contract that the returns were not guaranteed and there was an element of risk involved. In any event, I'm not satisfied that high returns alone show it's more likely than not that R didn't intend to provide the investment as agreed.

Whilst Mrs F says that R didn't use her funds for the intended purpose, she hasn't provided persuasive evidence in support. By contrast, as the investigator set out in her view, I have confidential information that I'm unable to share for data protection reasons which shows funds being used in the manner expected. Payments are sent to and from G, and to third parties linked to the operation of a genuine business in the property sector. The payments are consistent with R's nature of business and the agreement Mrs F signed.

I'm sorry Mrs F hasn't received returns as expected. The fact she hasn't received returns isn't enough to bring her claim within the scope of the CRM Code though. Businesses can fail for many reasons including poor management and the breakdown of relationships. I haven't seen anything to persuade me that it's more likely than not Mrs F didn't receive returns because of fraud rather than factors like these.

I appreciate that Mrs F's agreement said that R would sign agreements with landlords and management companies in relation to properties being invested in. Mrs F says this wasn't what happened, although I haven't been provided with any evidence of this. But even if this was the case, I'm not persuaded I can draw adverse inferences. Mrs F has also said that the properties she was investing in didn't exist. I haven't seen evidence that this was the case

and note that Mrs F's advocate was given the address of the properties in a personal chat with a representative of R rather than officially. I also haven't seen anything that confirms how property would be allocated and whether this was the responsibility of R or G.

I can't fairly conclude that the resignation of directors of R in June 2024 and the appointment of a new director indicates fraudulent intent. Nor can I assume that if R was a genuine company, it would have attempted to provide returns to investors and gone into liquidation if it was unable to fulfil its obligations, as Mrs F's representative has done. Directors can resign for many reasons including to restructure a company. I note that the former directors of R said they were transferring ownership to a corporate restructuring company.

Mrs F has said that R took on new investors while unable to pay current investors. I'm not persuaded this was done with the intent to defraud. R was in financial difficulty and took steps to remedy the position. In the absence of other persuasive evidence, I don't think this demonstrates R was operating a Ponzi scheme.

I've seen no evidence to confirm that the properties R was renovating were commercial properties as suggested by Mrs F's representative. Even if they were, I can't see that this demonstrates that R took Mrs F's funds with a different purpose in mind or fraudulent intent. Taking on such properties may present practical and legal challenges, but doesn't show R didn't intend to provide rent-to-rent properties.

Finally, I've not seen any evidence to suggest the police are investigating the actions of R or evidence from any other external organisation which concludes that R intended to use Mrs F's funds for a different purpose to the one agreed with her.

Having carefully considered all the evidence provided to me, I'm not persuaded there is sufficient evidence to conclude that the purpose R had in mind when it took Mrs F's payment was different to hers. So, I consider Barclays acted fairly in not considering Mrs F's complaint under the CRM Code.

If material new evidence comes to light at a later date Mrs F can ask Barclays to reconsider her fraud claim.

I've gone on to consider whether there is any other reason I can require Barclays to reimburse Mrs F. Barclays should be on the lookout for, and protect its customers from, potentially falling victim to fraud or scams. This includes monitoring accounts and identifying suspicious activity that appears out of character. Where potential fraud is identified, I would expect Barclays to intervene and attempt to prevent losses for the customer.

I think the payment of £24,999 from Mrs F's account was unusual and out of character. I can see that this payment was made in branch. Mrs F chose the investment payment reason and was provided with a warning tailored to this type of scam. I don't need to decide if this warning went far enough because even if it didn't, I can't uphold Mrs F's complaint solely on this basis. I need to go on to consider causation – whether suitable intervention would have made a difference to Mrs F's decision making or Barclays could have reasonably prevented the loss. In deciding this, I need to consider the information that was available at the time the payment was made.

I'm not persuaded that if Barclays asked Mrs F further questions it would have had any concerns or that the payment would not have been made. R was a legitimate company, Mrs F had received documentation and there was nothing in the public domain at the time to suggest Barclays should have been concerned that Mrs F might be falling victim to a scam.

Overall, whilst I'm sorry Mrs F has lost a substantial amount of money, I can't fairly hold Barclays responsible for her loss.

My final decision

For the reasons stated, I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs F to accept or reject my decision before 25 November 2025.

Jay Hadfield
Ombudsman