

The complaint

Mr R complains Barclays Bank UK PLC won't refund the money he says he lost to a scam.

What happened

The background to this complaint is well-known to both parties, so I won't repeat it in detail here. In summary, Mr R says he fell victim to an investment scam after investing £100,000 into what he believed to be a legitimate fund in November 2021. Mr R said he was told about the opportunity via a friend who had invested a large sum of money - under the belief of there being guaranteed returns of 30%, with the max risk of loss being 10% of the funds invested. Mr R states he was also aware of others receiving returns and he completed online research as part of his due diligence. He received one withdrawal of almost £10,000 in March 2022, but his trading account funds subsequently went to zero. So, he considered it to be a Ponzi-style scheme and informed Barclays of his concerns. Mr R ultimately argues his payments were unusual and had Barclays intervened he would not have lost the amount he did.

Barclays looked into Mr R's concerns but did not refund him, or uphold his complaint, because it said it was more a civil dispute than a scam. So, Mr R brought his complaint to our service. Our Investigator reviewed the complaint and did not uphold the complaint because they also thought the evidence showed this was a civil dispute.

However, Mr R disagreed with our Investigator and so the complaint has been passed to me to issue a 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.

Having done so, I have decided to not uphold this complaint. I know this will be disappointing for Mr R, so I'll explain why.

I'm aware that I've summarised this complaint briefly, in less detail than has been provided, and in my own words. No discourtesy is intended by this. Instead, I've focused on what I think is the heart of the matter here. If there's something I've not mentioned, it isn't because I've ignored it. I'm satisfied I don't need to comment on every individual point or argument to be able to reach what I think is the right outcome. Our rules allow me to do this. This simply reflects the informal nature of our service as a free alternative to the courts.

I am sorry to learn of Mr R's loss of funds. However, for me to consider if Barclays was responsible for his loss I would first need to be satisfied that he has been a victim of a scam.

Banks have various and long-standing obligations to be alert to fraud and scams and to act in its customers' best interests. These are predicated on there having been a fraud or scam.

So, the first consideration in determining Barclays' obligations would be whether there is evidence to show Mr R has been scammed.

To determine if Mr R has been the victim of an APP scam, I have to consider if his intended purpose for the payments was legitimate, whether the intended purposes Mr R and the investment firm had were broadly aligned and, if not, whether this was the result of dishonest deception on the part of the firm. I'll note here that misrepresentation isn't enough to meet this definition.

Based on the evidence available to me, it seems Mr R was intending for the funds to be invested into an investment fund. Considering the paperwork Mr R would have received prior to investing looked to be professional and it seems like Mr R had access to a sophisticated platform as well. So, I see no reason why Mr R would not have thought this was a legitimate investment he was sending his money to. As he has confirmed, he was aware of other investors that had generated profits which no doubt further added to the legitimacy of the investment.

I've next considered whether the firm's intended purpose for the payments aligned with what Mr R intended. I've noted Mr R thought he was putting his funds into an account which would be used for investments on his own account. Instead, the funds were held on account and used as collateral. Whilst the funds were used differently to what investors were led to believe, the overall purpose of the trading platform accepting the funds was still for investment purposes. Ultimately, the deposited funds were not removed from the account fraudulently. I've also kept in mind the entity Mr R made the payments to looks to have been a legitimate company involved in legitimate enterprise.

During the period in question, the firm appears to have been conducting investments and I've seen nothing to suggest that any profits being paid into investors' investment accounts were fictitious. Such profits being generated similarly highlights the firm did intend to use Mr R's funds for investments purposes. It seems, at least initially, that the trading strategy was working – albeit with credit being used rather than the direct trading account funds. It appears the high-risk trading strategy used then subsequently began to fail and the funds (which were held as collateral) were lost. Had the funds been used, rather than merely been held as collateral, it ultimately would have led to the same result of the funds being lost.

Consequently, I'm satisfied the investment firm's intended purpose for the funds generally aligned with Mr R's - and nothing I have seen indicates to me that they intended to defraud him. Instead, I think it's more likely that this was a failed investment. Therefore, I don't think it meets the definition of an APP scam. And I think Barclays acted reasonably when it treated the case as a civil dispute.

For completeness, I'll also add that I'm not persuaded Barclays could have prevented Mr R's losses even had it intervened. I say this because I've not been provided with any evidence to show Barclays could, or should, have been aware Mr R was at risk of a scam. This investment did not have what I would consider to be the common hallmarks of a scam. He was investing in a platform that is regulated and he had been supplied with paperwork which appears professional and legitimate. Mr R also opened the account himself and had access to it. Therefore, had Mr R shared these details, which I have no reason to doubt that he would have done, they would not have highlighted that he was at risk of financial harm because of a scam. Instead, such details would have alleviated Barclays' concerns as Mr R would have just looked as if he was investing in a genuine platform, which it appears he was.

Barclays could only have given Mr R general fraud and scam advice in relation to investing. This would not have been scam advice specifically linked with the investment firm itself, as

I've seen no evidence to suggest there were such details available to share. Having been informed of the investment by a friend, who was also likely a trusted individual, I do think Mr R would have put reliance upon what they informed. Alongside the lack of negative information to the contrary, even had Barclays suggested he do further researching it's unlikely he would have found anything which would have changed his mind about investing. Therefore, I am still persuaded that Mr R would have wanted to proceed with this investment.

There were returns and withdrawals completed by some investors and there is no evidence to suggest this was not based upon legitimate trading activities. Additionally, the investment firm has also confirmed that the third party was successfully trading for a number of years using this platform. I have also seen no evidence that any investor statements received would have been fabricated rather than system generated. Similarly, I've seen no evidence that losses were being concealed fraudulently. In this case, there is insufficient evidence to demonstrate that Mr R's payments were linked with a scam by the firm he invested his funds.

Ultimately, a dispute about whether the agreed contractual terms were followed, or the investment firm breached them with his actions, is a civil matter. Such a potential breach does not automatically signify that the investment firm was party to fraud. Nor does the investment firm's agreements between itself and the third party. However, it should be noted that we have no jurisdiction over the investment firm Mr R chose to invest his funds, or the companies it is connected with, as they are based and regulated in South Africa.

I am sorry to hear about the vulnerable situation Mr R was in at the time of the alleged scam. Due to the sensitive nature of his reasons, I will not list what Mr R has informed us of here. The repercussions this loss has had on Mr R is not something I have overlooked when reaching my decision. However, in isolation of any wider red flags that suggest Barclays reasonably should have been aware that his decision-making may have been impaired, I cannot say it should have done anything differently. Although, as above, I've similarly kept in mind this looks to have been a legitimate investment and ultimately I'm persuaded any additional questioning Barclays could have completed would not have highlighted any information to suggest this was a scam. Nor I'll add would there have been any expectation on Barclays to give Mr R specific investment advice.

I do appreciate how disappointing this is for Mr R. However, based upon the available evidence I don't think Barclays needs compensate Mr R for the losses he has incurred.

My final decision

My final decision is I do not uphold this complaint against Barclays Bank UK PLC.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 31 December 2025.

Lawrence Keath
Ombudsman