

The complaint

Mr J complains Barclays Bank UK PLC ('Barclays'), hasn't reimbursed him following an Authorised Push Payment ('APP') scam he fell victim to. He says Barclays should reimburse him for the money he lost.

What happened

As both parties are familiar with the circumstances of this complaint, I've summarised them briefly below.

In early 2021, Mr J was introduced to an investment opportunity with a company which I'll refer to as 'Company P'. Mr J was introduced to Company P by a work colleague who had already invested.

The proposed investment was to loan funds to Company P, a lighting technology company based in the UK, for a project to provide lighting for the cultivation of cannabis on a site overseas that Company P had leased. In return Mr J would receive shares in Company P. Mr J understood that Company P would repay the loan after a minimum term of 12 months.

Before deciding to invest, Mr J says he reviewed the documentation he had been sent and was satisfied everything was legitimate. And having discussed the opportunity with his work colleagues who Mr J says were wealthy individuals and experienced investors, Mr J decided to invest. Mr J entered into a loan agreement with Company P and made a payment for £10,000 on 15 March 2021.

In 2022, the initial investment wasn't returned as expected and dividends didn't materialise. Mr J received various correspondence from Company P with updates about difficulties it was experiencing and potential solutions. But there was no progress and, in late 2022, other investors started looking into Company P – including one investor visiting the overseas site and finding that there was no functional facility as had been claimed by Company P's director. Around the same time, the police also launched an investigation into Company P. Company P subsequently went into liquidation.

Mr J contacted Barclays in November 2022 and made a scam claim. Barclays issued correspondence to Mr J explaining that its investigation was taking longer than it hoped.

Mr J followed up with Barclays in May and June 2023 and then referred the matter to our service in July 2023.

Barclays in its submissions to this service considered that due to it being a complex case, no outcome had yet been determined by its scam team. And it considered the current evidence available to it did not support the position that Company P set out to deceive / scam customers.

One of our Investigators looked into what had happened. In doing so they considered whether the Lending Standards Board's Contingent Reimbursement Model Code (the 'CRM Code') applied to the payment Mr J made. They concluded, in summary, that:

- based on the available information from a number of involved parties, they were satisfied Mr J had fallen victim to a scam, and therefore the CRM Code was an applicable consideration in this case.
- Mr J had a reasonable basis for believing that the payee and the investment were genuine.
- The warning Barclays provided wasn't an 'effective warning' as set out by the CRM Code so it couldn't rely on Mr J choosing to ignore an effective warning as an exception to reimbursement.

The Investigator therefore upheld the complaint and recommended that Barclays reimburse Mr J in full along with additional compensatory interest on that amount at 8% simple interest per annum from the date Barclays declined Mr J's claim under the CRM Code until date of settlement.

Mr J accepted the Investigator's findings, but Barclays did not. In short, it explained there was an ongoing police investigation and to date no one at Company P has been charged with any offence – noting the case has not been presented to the Crown Prosecution Service. It remained of the opinion that the current evidence available to it does not support the position that Company P set out to deceive/scam investors and considered our service should await the outcome of the police investigation before proceeding to determine this complaint.

As the matter wasn't resolved, it was referred to me to review and make a final decision on the outcome of Mr J's complaint.

I considered the complaint and issued a provisional decision on 29 August 2025. Within that, I reached the same conclusion as our Investigator, but provided some additional reasoning.

In summary, I provisionally decided that I didn't think it was necessary to wait until the outcome of the statutory body investigation in order for me fairly to reach a decision on whether Barclays should reimburse Mr J under the provisions of the CRM Code. And, after having carefully considered the information available, I was satisfied Mr J had most likely been the victim of an APP scam and that he ought to be reimbursed under the provisions of the CRM Code as no listed exceptions to reimbursement applied.

Both parties had until 12 September 2025 in which to respond to my provisional decision and provide any more comments and evidence they wished for me to consider. Mr J confirmed receipt and acceptance of my provisional decision. Barclays did not reply within the timeframe.

So, neither party responded to my provisional decision with any further evidence or comments for me to consider.

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, and as neither party has provided me with anything further to consider, I see no reason to depart from my provisional findings.

So, for completeness, I'll reiterate and confirm those provisional findings below.

"...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.

In broad terms, the starting position in law is that a firm is expected to process payments and withdrawals that a customer authorises, in accordance with the Payment Services Regulations 2017 (PSRs) and the terms and conditions of the customer's account. However, where the customer made the payment as a consequence of the actions of a fraudster, it may sometimes be fair and reasonable for the provider to reimburse the customer even though they authorised the payment.

The CRM Code

The CRM Code was a voluntary code for reimbursement of APP scams which required signatory firms to reimburse customers who had been the victims of APP scams in all but a limited number of circumstances. Barclays was a signatory to the CRM Code at the time the payment in dispute was made.

The CRM Code only applies in very specific circumstances – where the customer has been the victim of an APP scam. Under the CRM Code, an APP scam is defined as:

"DS1(2)(a)

APP Scam

Authorised Push Payment scam, that is, 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."*

The CRM Code is also quite explicit that it doesn't apply to all push payments. It says:

"DS2(2) 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."

This makes it clear that "private civil disputes" between the paying bank's customer and a legitimate supplier aren't included, even if the relevant goods or services were never received or were defective. To take the matter beyond a mere private civil dispute between the parties, there must have been a crime committed against the payer in fraudulently obtaining their payment for purposes other than the legitimate purpose for which the payment was made.

But that doesn't mean that a person claiming reimbursement under the CRM Code needs to meet the criminal standard of proof ("beyond reasonable doubt"). In line with the general approach taken by our service when deciding complaints that are referred to us, I only need to be persuaded on a balance of probabilities, the same standard of proof that is required in civil cases. So, I would need to see evidence that convinces me it's more likely than not that a criminal fraud has occurred, and therefore that Mr J has lost his money to an APP scam. If I do find that is the case, then the CRM code would apply, and Mr J would be entitled to reimbursement of his loss unless Barclays could show that any of the exceptions to reimbursement, as set out in the CRM Code, apply.

Is it appropriate to determine Mr J's complaint now?

Barclays consider, as a police investigation is ongoing, that our service should await the outcome of that investigation.

I understand that the police investigation is still on-going although its progress is unknown. I also understand that the liquidator's enquiries are continuing.

There may be circumstances and cases where it's appropriate to wait for the outcome of external investigations and/or related court cases. But that isn't necessarily so in every case, as it may be possible to reach conclusions on the main issues based on evidence already available. And it may be that investigations or proceedings aren't looking at quite the same issues or doing so in the most helpful way. I'm conscious, for example, that any criminal proceedings that may ultimately take place might concern charges that don't have much bearing on the issues in this complaint; and, even if the prosecution were relevant, any outcome other than a conviction might be of little help in resolving this complaint because the Crown would have to satisfy a higher standard of proof (beyond reasonable doubt) than I'm required to apply (which – as explained above – is the balance of probabilities).

As for investigations by liquidators, these are normally made for the purpose of maximizing recoveries for creditors. Sometimes they lead to civil proceedings against alleged wrongdoers, or against allegedly implicated third parties. But the claims may not be relevant to the issues on the complaint. And, even if they are potentially relevant, such claims are quite often compromised without a trial and on confidential terms, so the outcome is of little benefit to our service.

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

I'm aware that Mr J first raised his claim with Barclays in November 2022, and I need to bear in mind that this service is required to determine complaints quickly and with minimum formality. With that in mind, I don't think delaying giving Mr J an answer for an unspecified length of time would be appropriate unless the delay is truly required for the sake of fairness to both parties. So, unless a postponement is likely to help significantly when it comes to deciding the issues, bearing in mind the evidence already available to me, I'd not be inclined to think it fair to put off the resolution of the complaint.

I'm also aware that Company P is under liquidation. This might result in some recoveries for Company P's creditors, or even theoretically its shareholders. It's unlikely that victims of this scheme (as unsecured creditors) would get anything substantive if there are secured creditors, given recoveries would initially be for any secured creditors. That said, 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 Mr J under the liquidation process in respect of this £10,000 investment before paying anything I might award to him on this complaint.

For the reasons I discuss further below, I don't think it's necessary to wait until the outcome of a statutory body investigation for me fairly to reach a decision on whether Barclays should reimburse Mr J under the provisions of the CRM Code.

Has Mr J been the victim of an APP scam, as defined in the CRM Code?

As referenced above, Barclays was a signatory to the voluntary CRM Code which was in force at the time, and which provided additional protection to scam victims. Under the CRM Code, the starting principle was that a firm should reimburse a customer who is the victim of an APP scam (except in limited circumstances).

The CRM Code only applies if the definition of an APP scam is met, as set out above. As I've also set out above, the CRM Code doesn't apply to private civil disputes, such as where a customer has paid a legitimate supplier for goods or services but hasn't received them, they are defective in some way, or the customer is otherwise dissatisfied with the supplier.

So, it wouldn't apply to a payment made for a genuine investment that subsequently failed. As there's no dispute that Mr J's funds were transferred to the intended recipient, I don't consider section DS1(2)(a)(i) of the definition to be relevant to this dispute. Therefore, in order for there to have been an APP scam, Mr J must have transferred funds to Company P for what he believed were legitimate purposes, but which were in fact fraudulent, as set out in section DS1(2)(a)(ii).

I've therefore considered whether or not Mr J's intended purpose for the payment was legitimate, whether or not the intended purposes of Mr J and Company P were substantially aligned and, if not, whether or not this was the result of dishonest deception on the part of Company P.

Mr J lent a sum of money (£10,000) to Company P in March 2021 which he believed would be used for funding the project. He understood this loan would be repaid after a fixed period. He also understood that he had acquired shares in Company P and would receive dividends in the short term if certain conditions were met. Mr J has said he reviewed the investment material and through discussing the investment opportunity with others who had already invested, satisfied themselves that Company P was legitimate before deciding to invest.

I've then considered whether there's convincing evidence to demonstrate that Company P's purpose of the payment was fraudulent. That is, whether Company P's purpose must have been to misappropriate Mr J's funds or otherwise deprive him of this money, rather than to use it for the purpose believed by Mr J.

Our service contacted the police force investigating the matter as well as the liquidator overseeing Company P's and associated companies' liquidation. Although attempts to obtain further information from the police were unsuccessful, the liquidator shared their preliminary findings from investigations to date. We've also had confirmation from the liquidator that their findings can be disclosed in my decision as far as they are relevant to the complaint.

The following observations the liquidator has made about Company P and its main director – ‘Mr N’ – are of particular relevance to this complaint:

- *following Company P’s incorporation in September 2017, while an undischarged bankrupt, Mr N acted as a de facto director of Company P and promoted the company as a successor to another company he used to be a director of before it went into liquidation. Mr N was appointed a director of Company P in June 2018, prior to his discharge from bankruptcy. As an undischarged bankrupt, Mr N was prevented from being involved in the formation or management of any company.*
- *Between September 2017 and July 2018, when Mr N was an undischarged bankrupt, nearly 34% of the investor’s money was drawn out by him via another company he was a director of, or to his personal account, or otherwise applied towards lifestyle spend.*
- *Between March 2018 and July 2019, Mr N made rental payments every month in respect of the property he and his family were living in. And between September 2018 and September 2019, nearly 32% of investments into P were applied towards purchasing that property.*
- *Between January 2020 and April 2020, repayments to investors were made which were drawn from new investor funds. The pattern of using new investor funds to repay historic investors continued subsequently.*

Given the substantial size of these payments, the fact that they preceded Mr J’s investment, and Mr N’s misconduct as a bankrupt, I consider this is powerful evidence that Company P’s true role was to dishonestly raise money from investors to fund Mr N’s lifestyle and make repayments to earlier investors.

Another investor, who has since also brought a complaint to our service, has provided an email they received from one of the former directors of the company which was contracted to grow medicinal cannabis in the overseas jurisdiction. I note that the director has said his company had significant funding problems with Company P, from as early as November 2019. The email goes on to say that by that point, his company had used all its capital and had committed \$2.5 million. It no longer controlled the land and had difficulties raising additional funds. Although Company P promised to lend it \$1 million, that funding never arrived. The site was left in a state of disrepair, and the director’s company in ruins. The director concludes the email by saying he believes that Company P was set up as an investment fraud, given the initial contract signed by both parties for the project was never funded.

A review of bank statements of Company P’s account from the relevant time supports the director’s claim that the promised sum wasn’t sent. From what has been seen, it appears around £83,000 was sent to the company during the relevant period. This leads me to conclude that Company P had no intention – by the time of Mr J’s payment – to fulfil its obligations in relation to the project, and therefore it also had no intention to use Mr J’s funds as it had led him to believe it would. Instead, based on what the liquidator has noted, it appears that Mr J’s funds were used largely for Mr N’s personal benefit and for repayments to earlier investors.

Our service has also seen an email from the general manager of the company that Company P engaged with in 2018 to carry out construction at the overseas site. The email states that the said company experienced multiple delays in receiving payments, and in early 2021 it was asked to stop all work immediately and leave the site. At the time, construction hadn't finished, and the site didn't have electricity or water. The general manager also states that to his knowledge, the site has never had any grow lights installed, nor grown cannabis. The email from the former director of the company which was contracted to grow medicinal cannabis corroborates that evidence, stating that lighting was never provided nor cannabis grown on the site.

The information provided by the third parties which I've mentioned above is completely at odds with the letter Company P sent to shareholders in November 2021 which included 'sensitive' images of the 'up and running' facility, one of which purported to show the cannabis flower cultivation grow room. One of the investors has alleged that these images were taken from third-party websites. And a review of the website links the investor claims the images were taken from does support this allegation. While Company P's newsletter was written after Mr J made his investment, I do consider it relevant to the extent that it provides evidence of Company P's willingness to deceive investors about the use of their funding.

I also understand that in November 2021, Company P agreed to make a payment of £2.5 million to another company for the deal it had entered into – to supply Company P's proprietary lighting in return for a percentage of that company's revenue. When the funds didn't arrive, Mr N claimed to have sent the payment and provided a screen shot of the payment confirmation to evidence this. Our service has seen evidence to suggest that this was not true, no payment was sent from the claimed account.

We have also been provided with an email from the police to one of the investors where they have confirmed that none of the accounts held by Company P, connected companies, or Mr N, had a balance that could have cleared that payment.

I consider that this evidence supports a conclusion that Mr N and Company P were more than capable of the level of dishonesty required for an APP scam such as the one Mr J alleges he fell victim to.

Overall, after having carefully considered the information available, and given the findings I've made above, I'm persuaded that Company P's purpose was not aligned with what Mr J believed when he made the payment in March 2021. Mr J made the payment believing the purpose was to fund the cannabis cultivation project, whereas, in truth, Company P had the dishonest intention of diverting a substantial part of the money to support Mr N's lifestyle, repay earlier investors, and, as and when necessary, deceiving investors that Company P was establishing and conducting viable business operations.

So, I think the circumstances here meet the definition of an APP scam as set out under the CRM Code.

Returning to the question of whether in fairness I should delay reaching a decision pending developments in the liquidation or police enquiries, I've explained why I should only postpone a decision if I take the view that fairness to the parties demands that I should do so. In view of the evidence already available to me, however, I don't consider it likely that postponing my decision would help significantly in deciding the issues. The liquidators have already expressed their views. And as regards the police's investigations, there's no certainty as to what, if any, prosecutions may be brought in future, nor what, if any, new light they would shed on evidence and issues I've discussed.

So, as I'm satisfied Mr J has most likely been the victim of an APP scam, I've considered whether he should be reimbursed or not under the CRM Code.

Is Mr J entitled to reimbursement under the CRM Code?

I've considered whether Barclays should reimburse Mr J under the provisions of the CRM Code. There are generally two exceptions to reimbursement:

- Mr J made the payment without a reasonable basis for believing that it was for genuine goods or services; and/or Company P was legitimate.*
- Mr J ignored what the CRM Code deems to be an 'Effective Warning'*

And importantly, when assessing whether it can establish these things, Barclays must consider whether they would have had a 'material effect on preventing the APP scam'.

Thinking about Mr J's reasonable basis for belief, the investment material I've reviewed appears professional, and there was nothing in the public domain at the time about Company P from which Mr J could have reasonably inferred that a scam was taking place. In addition, the investment literature made it clear that returns weren't guaranteed. I consider this would have made the investment appear genuine and would likely have alleviated any concerns arising from the advertised high returns.

I have also considered how Mr J was introduced to Company P. I consider this to be a key factor in considering whether Mr J held a reasonable basis of belief when making the payment to Company P. Mr J was introduced to Company P through work colleagues that Mr J says were experienced investors and were wealthy individuals. And these individuals had already invested with Company P. So, I can understand after seeing and hearing first-hand about Company P by individuals he trusted why it would have seemed a genuine investment opportunity.

When I consider how Mr J was introduced to Company P and think about the sophistication of this scam alongside the brochures and marketing materials Mr J received, I can understand why Mr J felt the investment opportunity was a genuine one.

I've also taken into account that even now, with the benefit of hindsight and evidence surrounding Company P, there is still a dispute regarding whether Company P was a scam or not. So, I think it would be unfair to suggest that Mr J ought fairly and reasonably to have realised this at the time.

On balance, I think there was enough to reasonably convince Mr J at the time that this was a genuine investment opportunity. With this in mind, I don't think Mr J made the payment without a reasonable basis of belief that Company P and the investment itself was genuine.

I have also considered whether Barclays can rely on the exception to reimbursement that Mr J ignored what the CRM Code deems to be an 'Effective Warning'. Barclays says Mr J chose the payment purpose as 'something else' when he made the payment and was therefore provided with a warning based on that payment purpose.

I don't think it is unreasonable for Mr J to have selected the payment purpose he did given the nature of this type of investment opportunity. And I am also mindful the CRM Code explains that a firm, in assessing whether an exception to reimbursement applies such as ignoring an effective warning, has to take into account whether it would have had a 'material effect on preventing the APP scam'. Here Mr J had no reason to believe that Company P wasn't a genuine company offering a genuine investment opportunity at the time. So, I think it is fair to say that even if Mr J had chosen a more appropriate payment purpose such as 'investment' it wouldn't have had a material effect on preventing the scam such as his belief in things and that Company P was a legitimate company. So, I do not think an exception to reimbursement can be applied for this reason in any event.

With the above in mind, I don't think Barclays has established that any of the exceptions to reimbursement under the CRM Code apply here. It follows that it should refund the money Mr J lost in full.

Outside the provisions of the CRM Code, I consider it unlikely that any intervention by Barclays at the time of the payment would have positively impacted Mr J's decision-making. I don't think either party would have likely uncovered sufficient cause for concern about Company P such that Mr J would have chosen not to proceed.

Putting things right

I've thought carefully about whether interest should be added to the refund Mr J is due from Barclays. Having considered the available information, including submissions from third parties which I consider Barclays could have obtained if it wanted to when it received Mr J's claim, I consider that Barclays should have reimbursed Mr J when he made a claim under the CRM Code.

With that in mind, in order to put things right, Barclays Bank UK PLC needs to:

- *reimburse Mr J the disputed payment of £10,000 made as a result of the scam orchestrated by Company P; and*
- *pay simple interest at 8% per year on the amount refunded (less any tax lawfully deducted), calculated from the date Barclays Bank UK PLC declined his claim under the CRM Code (or from 15 days after it received Mr J's claim) to the date of settlement.*

As Company P is now in liquidation, it's possible Mr J may recover some further funds in the future. In order to avoid the risk of double recovery, Barclays Bank UK PLC is entitled to take, if it wishes, an assignment of the rights to all future distributions under the liquidation process in respect of this £10,000 investment before paying the award.

If Barclays Bank UK PLC elects to take an assignment of rights before paying compensation, it must first provide a draft of the assignment to Mr J for his consideration and agreement."

Putting things right

Barclays Bank UK PLC should now reimburse Mr J the £10,000, plus 8% simple interest on that amount calculated from the date Barclays Bank UK PLC declined his claim under the CRM Code (or from 15 days after it received Mr J's claim) to the date of settlement.

As Company P is now in liquidation, it's possible Mr J may recover some further funds in the future. In order to avoid the risk of double recovery, Barclays Bank UK PLC is entitled to take, if it wishes, an assignment of the rights to all future distributions under the liquidation process in respect of this £10,000 investment before paying the award.

If Barclays Bank UK PLC elects to take an assignment of rights before paying compensation, it must first provide a draft of the assignment to Mr J for his consideration and agreement.

My final decision

For the reasons given above and in my provisional decision, I uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr J to accept or reject my decision before 17 October 2025.

Matthew Horner
Ombudsman