

The complaint

Mr H complains that Barclays Bank UK PLC has not refunded the money he lost to a scam.

What happened

The full circumstances of this complaint are well known to both parties, so I won't set them out in detail here. But, in summary, Mr H was called in 2021 by someone working for an investment company, which I'll call C, and discussed investment opportunities. Mr H was cautious, but C convinced him it was a good opportunity – and that he would need to invest quickly to get the best returns – so he agreed to go ahead.

Mr H was talked through how to make the payment of £20,000 he had agreed as his initial investment. C said he should split this into smaller payments to avoid it being blocked by his bank. And so, on 3 September 2021 Mr H made ten payments of £2,000 each to C's account.

Mr H had access to an application which appeared to show his investment with C making good profits, he also received regular updates from C, and so in April 2022 he invested a further £10,000. Mr H was able to withdraw £6,000 of returns in January 2024, but was then unable to withdraw any more of the profits he appeared to have made. And in June 2024 he received an email from C saying that the director had handed himself into the police for deceit and falsifying records.

Mr H contacted Barclays to ask it to refund his loss. Barclays looked into what had happened, but said it believed this was a civil dispute, rather than a scam, and so did not agree that it had any liability for Mr H's loss. Mr H was unhappy with Barclays' response, and so referred his complaint to our service.

An Investigator looked into Mr H's complaint, and ultimately they were satisfied that there was enough evidence available to say that Mr H had been the victim of a scam, so they went on to consider Mr H's complaint under the Lending Standards Board's Contingent Reimbursement Model Code (the Code) which applies in this case. The investigator felt that Mr H was entitled to a refund of his loss under the Code.

Mr H accepted these findings, Barclays did not, so as no agreement could be reached this case has been passed to me for review.

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.

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

It isn't in dispute that Mr H authorised the payments that are the subject of this complaint. Because of this, the starting position – in line with the Payment Services Regulations 2017 –

is that he's liable for the transactions. But he says that he has been the victim of an authorised push payment (APP) scam.

Barclays was signed up to the voluntary CRM Code, which provided additional protection to scam victims at the time these payments were made. Under the Code, the starting principle was that a firm should reimburse a customer who is the victim of an APP scam (except in limited circumstances). But the Code only applies if the definition of an APP scam, as set out in it, is met. I have set this definition out below:

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

The Code is also explicit that it doesn't apply to private civil disputes. The wording in the code is as follows:

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.*

I've therefore considered whether the payments Mr H made to C fall under the scope of an APP scam as set out above. Having done so, I think that they do.

I say this because our service is now aware of a number of issues related to C, which suggest to us it is more likely they were carrying out a scam. Specifically:

- C would have required FCA authorisation in order to give financial advice and to provide the trading platform consumers were relying on as part of their investment. As C wasn't authorised and regulated, it suggests this was a scam.
- An FCA warning was posted regarding C in January 2023.
- There is no evidence that the trading platform C was claiming to use existed.
- Receiving bank evidence shows very little of consumers' funds were being used as C had claimed. In fact, the number and value of incoming payments entering the account far exceeds any payments that can be directly attributed to investing platforms.
- I acknowledge that Mr H did receive some funds back from C - £6,000 - but there is no evidence that these were actual investment returns.

Considering all of the above, I do not think C was using investor funds, such as Mr H's £30,000, for the purpose they were intended for. And I think this difference in purpose is down to dishonest deception on C's part. It follows that I think this complaint meets the definition of an APP scam as set out in the CRM Code above.

Is Mr H entitled to reimbursement under the CRM Code?

Having established that the payment is covered by the CRM Code, I've gone on to consider whether any of the relevant exceptions to reimbursement were applicable. The Code allows a firm to not reimburse a customer if it can establish that:

- The customer ignored an effective warning in relation to the payment being made; or
- The customer made the payment without a reasonable basis for believing that ... the person or business with whom they transacted was legitimate.

I'm satisfied that the first exception listed above isn't applicable here. I understand Barclays did show Mr H a written warning when he made the initial payment to C. But that warning does not, in my view, meet the definition of an effective warning as set out in the Code. It is a fairly generic warning, that doesn't provide enough detail to ensure that what it is saying is impactful to customers. Specifically, it doesn't explain what the FCA is or set out what could be considered as 'too good to be true' when investing, nor does it explain the consequences of proceeding. And given that Mr H believed he was speaking with a financial adviser at C, the warning advice to 'speak to a financial adviser' is unlikely to have been impactful either. So, I don't think this could be considered an effective warning under the CRM Code, and so this exception doesn't apply.

I'm also satisfied that Mr H made these payments with a reasonable basis for believing that the business with which he transacted was legitimate. This was a sophisticated scam, and Mr H has said he received, and signed, a formal agreement regarding the investment. In addition, the information available at the time would have shown that C was registered on Companies House, did not have any clear warnings available about it, and had positive reviews from other investors. So, I'm not persuaded that there were any clear and unambiguous red flags that ought to have put Mr H on notice that he might be about to fall victim to a scam.

I appreciate that the returns he was expecting to receive were very high, but Mr H was not an experienced investor, so with this in mind I don't think I can reasonably say this would have been as concerning to him as it would be to Barclays.

As a result, I'm satisfied Mr H did have a reasonable basis for believing the investment was legitimate, and so consider that Barclays should reimburse him under the Code.

So, in summary, I don't consider that Barclays can reasonably rely on any of the exceptions under the Code. It follows that I consider Barclays should refund the payments made as part of this scam as per the Code.

Putting things right

To resolve this complaint Barclays should:

- Refund the payments made as a result of this scam, minus the returns Mr H received; and
- Pay 8% interest on that amount from the date the claim was declined to the date of settlement.

My final decision

For the reasons I've explained, I uphold this complaint. Barclays Bank UK PLC should put things right in the way I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 24 December 2025.

Sophie Mitchell

Ombudsman