

The complaint

Mr and Mrs Q complain that Barclays Bank UK PLC ('Barclays') hasn't reimbursed the funds they lost when they fell victim to what they believe was a property investment scam.

What happened

Mr and Mrs Q were introduced to a property development/investment company which I'll refer to as 'D'. They had known the directors of D for several years having first met them at a property event in 2018. They had kept in touch and met on occasion where they had casually discussed property investments and strategy. Mr and Mrs Q were aware that the company had been operating for a number of years and were involved in purchasing, refurbishing and re-financing properties using investor finance to build their portfolio.

In 2021 following face to face meetings with the director of D where the opportunity was discussed, Mr and Mrs Q entered into a loan agreement to provide D with £40,000 on the understanding their investment capital would be used to purchase, refurbish and sell/let a property to generate a profit. The agreement was to last for 12 months, and Mr and Mrs Q expected to receive 15% interest in return – payable at the end of the loan term.

Mr and Mrs Q made two transfers from their Barclays account to an account in the name of D. The first transfer was for £5 via mobile banking on 14 September 2021 and the second transfer was £39,995 made in a branch of Barclays.

Towards the end of the loan term in September 2022, Mr and Mrs Q got in touch with D and confirmed they would like to be repaid their capital and interest at the end of their agreement. Despite continuing to communicate with the director of D, unfortunately they never received their money back or the interest. They later found out that D had entered into administration in June 2022.

Mr and Mrs Q feel they have been the victim of a scam orchestrated by D and first got in touch with Barclays via a professional representative in May 2025. They considered they should be reimbursed for their loss under the Contingent Reimbursement Model Code ('CRM Code'). This was a voluntary code that Barclays was a signatory of. The CRM Code required firms to reimburse customers who had been the victims of APP scams in all but a limited number of circumstances.

Barclays sent a response to Mr and Mrs Q in June 2025. It said that a scam claim hadn't been raised yet and that its fraud team would need to ask Mr and Mrs Q some questions before being able to raise a scam claim. Unhappy with the response, Mr and Mrs Q brought their complaint to our service.

The Investigator who considered this complaint recommended that it be upheld in full. In short, they felt that by the time Mr and Mrs Q invested with D in 2021, D was more likely than not operating a scam. They considered the evidence suggested it wasn't using investor funds for the purpose in which they were intended – namely that investors' funds weren't being used to fund new property purchases and were instead withdrawn to accounts in the names of the directors, transferred to another company (which I'll call 'B' – who were likely operating a Ponzi scheme scam) or used to pay existing investors. As such, they considered

the CRM Code applied to the payments Mr and Mrs Q had made, and they did not think any exceptions to reimbursement applied. The Investigator recommended Mr and Mrs Q be reimbursed their loss in full (£40,000) along with 8% simple interest.

Mr and Mrs Q accepted the Investigator's findings, but Barclays did not. Barclays said it was unable to accept the outcome while it was considering its stance in relation to B.

As an informal agreement could not be reached, the complaint has been passed to me to make 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.

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 be good industry practice at the time.

Where there is a dispute about what happened, and the evidence is incomplete or contradictory, I've reached my decision on the balance of probabilities – in other words, on what I consider is most likely to have happened in light of the available evidence.

In broad terms, the starting position in law is that Barclays is expected to process payments that a customer authorises it to make, in accordance with the terms and conditions of the customer's account and the Payment Services Regulations (PSR's). But there are circumstances when it might be fair and reasonable for a firm to reimburse a customer even when they have authorised a payment.

Is it appropriate to determine this complaint now?

Barclays didn't consider Mr and Mrs Q's fraud claim because it said they needed to raise it directly and provide more information, rather than through a letter of complaint from their professional representative. But I'm satisfied that Mr and Mrs Q's representative's letter specifically said that Mr and Mrs Q wanted their representative to raise the claim, and appropriate authority was given. I note Barclays attempted to contact Mrs Q at least once but if it needed more information it could have made further attempts to ask Mr and Mrs Q's representatives directly.

Barclays hasn't commented on whether or not it believes Mr and Mrs Q have been the victim of a scam or not or whether the CRM Code applies. Based on the available evidence, the payments Mr and Mrs Q made appear to meet the requirements to be covered by the CRM Code. So I've gone on to consider whether or not what happened meets the definition of an APP scam as defined by the CRM Code.

Have Mr and Mrs Q been the victims of an APP scam as defined by the CRM Code?

Under the CRM 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 APP scam, as set out in it, is met.

I have considered whether the claim Mr and Mrs Q have brought 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) The Customer transferred funds to another person for what they believed were legitimate purposes but which were in fact fraudulent.”*

The CRM Code also says it 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.

So, the CRM Code wouldn’t apply to a payment made for a genuine investment that subsequently failed.

First, there’s no dispute that Mr and Mrs Q’s funds were transferred to the intended recipient. So, in order for there to have been an APP scam, Mr and Mrs Q must have transferred funds to D for what they believed were legitimate purposes, but which were in fact fraudulent. I’ve therefore considered whether or not Mr and Mrs Q’s intended purpose for the payments was legitimate, whether or not the intended purposes of Mr and Mrs Q and D were substantially aligned and, if not, whether or not this was the result of dishonest deception on the part of D.

Mr and Mrs Q loaned a considerable sum of money to D, which they believed would be used towards property development and more specifically to purchase, refurbish and sell/let properties to generate a profit. It was their understanding that the loan would be repaid after a fixed period and that they would receive interest at the end of the loan term. Having already known the directors of D personally for some time and knowing their involvement in property development, Mr and Mrs Q believed D was legitimate.

I’ve considered whether there’s convincing evidence to demonstrate that D’s purpose when taking the payments was fraudulent. That is, whether D’s purpose must have been to misappropriate Mr and Mrs Q’s funds or otherwise deprive them of their money, rather than to use it for the purpose believed by Mr and Mrs Q.

- D was a UK incorporated company and traded for a significant period of time before Mr and Mrs Q made their payments. I accept that D appears to have been operating legitimately initially, however I’m satisfied that the evidence supports that it wasn’t operating legitimately at the time Mr and Mrs Q made their payments in September 2021.
- This service has received information from the receiving bank, which I can’t share due to data protection laws. But this evidence doesn’t support that D used Mr and Mrs Q’s funds for the intended purpose.
- Evidence shows that D was diverting some funds to a separate company (B), which claimed to be a forex investment scheme. It looks more likely than not that this separate firm was operating an APP scam. It’s possible that D was an innocent victim of B, but it’s more likely than not that D and B were operating two separate but linked APP scams.

- Mr and Mrs Q believed that D would use their funds to purchase property, refurbish it and then either sell or rent it out for profit. I haven't seen any evidence that supports D had this purpose in mind in obtaining their funds.
- I appreciate there is an ongoing police investigation into B and acknowledge the police have decided not to investigate D as part of this. However, the police have advised this is because including D in the investigation into B would make the investigation too large and it is not because they've concluded that D wasn't involved in fraudulent behavior.

Taking into account all of the above, I'm satisfied, on the balance of probabilities, that the money that was intended for and sent to D was not used for its intended purpose. The evidence suggests that Mr and Mrs Q weren't involved in a failed property investment scheme, but a scam.

So, as I'm satisfied Mr and Mrs Q have most likely been the victims of an APP scam, I've considered whether they should be reimbursed or not under the CRM Code.

Are Mr and Mrs Q entitled to reimbursement under the CRM Code?

I've considered whether Barclays should reimburse Mr and Mrs Q under the provisions of the CRM Code. There are two relevant exceptions to reimbursement:

- Mr and Mrs Q made the payments without a reasonable basis for believing that they were for genuine goods or services; and/or D was legitimate.
- Mr and Mrs Q 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'.

Reasonable basis of belief

I have considered whether Mr and Mrs Q had a reasonable basis to believe D was legitimate and was providing a genuine property investment product.

In doing so, I have considered how Mr and Mrs Q were introduced to D. I consider this to be a key factor in considering whether they held a reasonable basis of belief when making the payments to D. Mr and Mrs Q were introduced to investing with D in 2021, by one of the directors of D. But Mr and Mrs Q had already previously met the directors of D several years before at a property training event and had an existing relationship. Mr and Mrs Q were aware of D and its growth in the property development sector. They had also previously spoken about property development and strategies, and when they first decided to invest in D it had followed face to face meetings where the opportunity was discussed.

I think it is fair to say this would have been convincing and I'm mindful that Mr and Mrs Q had seen D operating legitimately for a number of years and seemingly growing successfully.

Mr and Mrs Q also trusted the general knowledge and experience of the director of D, discussing and receiving advice about other property related opportunities both before and after they made their payments. They also received a legitimate looking loan agreement. With all of this in mind, I can understand why it would have seemed a genuine opportunity to Mr and Mrs Q at the time.

I accept that the rate of return on the investment was relatively high and could have seemed unlikely. But, and importantly, alongside this I also have to weigh up what Mr and Mrs Q knew about D from the directors with whom there was a close connection. And Mr and Mrs Q were also starting to grow their own portfolio of property so understood that good returns could be made from purchasing, redeveloping and then selling or letting property.

I think the sophisticated aspects of the scam and the personal connection to the director of D, outweighs the concerns that Mr and Mrs Q perhaps ought to have had about the returns being claimed.

On balance, I think there was enough to reasonably convince Mr and Mrs Q at the time that this was a genuine investment opportunity.

Effective Warnings

I have also considered whether Barclays can rely on the exception to reimbursement that Mr and Mrs Q ignored what the CRM Code deems to be an 'Effective Warning'. In short, the CRM Code said that where the firm identifies an APP scam risk it should take reasonable steps to provide their customer with 'Effective Warnings'. It goes on to say that as a minimum, an Effective Warning should be understandable, clear, impactful, timely and specific.

Barclays only needs to provide an Effective Warning when it identifies APP scam risks during a payment journey. Having considered Mr and Mrs Q's usual account activity, I would have expected Barclays to have had concerns about the second payment.

Barclays did show a warning when the first payment was made, but it was only a general warning and not specific to the scam that Mr and Mrs Q were falling victim to. The second payment was made in branch by Mrs Q in person. There is a brief note that suggests Barclays spoke to Mrs Q about the payment and took identification from her. But there's nothing to show whether Mrs Q was given a warning at all, or if she was, what she was told. Considering what I've said above, I'm not satisfied Barclays has been able to evidence that it showed Mr and Mrs Q an Effective Warning when the larger scam payment was made. It follows that Mr and Mrs Q couldn't have ignored an Effective Warning.

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 re-imburse Mr and Mrs Q's losses in full.

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

Summary

Overall, I am satisfied, based on the evidence available, that Mr and Mrs Q were more likely than not the victims of an APP scam covered by the provisions of the CRM Code. I'm also satisfied no exceptions to reimbursement under the CRM Code apply. As such, I'm satisfied Barclays should reimburse Mr and Mrs Q under the provisions of the CRM code.

With regard to additional compensatory interest, I consider that it ought to be applied from the date Barclays ought to have given Mr and Mrs Q an outcome to their claim under the

CRM Code until the date of settlement. This should be 15 business days after the date the claim was first reported to Barclays – which was 20 May 2025.

I'm satisfied there was enough information available to Barclays, at the time Mr and Mrs Q raised their claim, to have allowed it to carry out an assessment and/or verify any information it needed to and provide reimbursement under the CRM Code.

Putting things right

I uphold this complaint and require Barclays Bank UK PLC to:

- Reimburse Mr and Mrs Q £40,000; and
- Pay interest on the above amount at the rate of 8% simple per year from 15 business days after the scam was first reported to Barclays until 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 Mr Q and Mrs Q to accept or reject my decision before 13 March 2026.

Mike Southgate
Ombudsman