

The complaint

Mr U complains that Barclays Bank UK PLC ('Barclays') won't refund the money he lost to an investment scam.

What happened

The background is known to both parties so I won't repeat all the details.

In summary, Mr U says he was introduced by a friend ('G') to a crypto-investment scheme ('H') which was likely operating a scam. And that, believing H was a genuine opportunity, he made a series of payments for investment from his Barclays account. These payments were first sent to G, for him to send on to H. Mr U now believes that G was part of the scam.

A total of about £18,800 was sent, between November 2021 and April 2022. As part of his submissions, Mr U has also told us that his payments were funded by a 'Bounceback' loan he took out with Barclays and which was paid into his business account in January 2021.

In October 2023, Barclays declined Mr U's complaint. It said it wouldn't provide a refund for any of the disputed payments – on the basis that the majority, if not all, of the losses were funded by the Bounceback loan and so the loan hadn't been used for its intended purpose. It said it would pay £200 to Mr U to apologise for the time it took to issue its final response.

The complaint was referred to our Service and considered by two of our Investigators. They didn't uphold it. The second Investigator accepted H was operating a scam. But he didn't think it appropriate to find Barclays should provide a refund when there was a misuse of the money originating from a government backed loan. He added there was insufficient evidence to show G was part of the scam, such that the payments might be covered by the Contingent Reimbursement Model ('CRM Code'). He also said that, outside of the CRM Code, it was questionable an intervention by Barclays would have made a difference in any event.

Mr U didn't accept that outcome. In brief, he said there's no dispute that a scam happened. He believes Barclays failed to protect him and that, as a sole trader, he had the right to use the Bounceback loan where needed. In support that G was part of the scam, he said G had persuaded him to invest and blocked his contact since the scam was exposed. He also pointed out that Barclays hadn't paid the £200 it said it would credit to his account.

As the matter couldn't be resolved informally, it's been passed to me to decide.

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've decided not to uphold it for similar reasons as the second Investigator.

In line with the Payment Services Regulations 2017, a firm is expected to execute authorised payment instructions without undue delay. Here, there's no dispute that Mr U authorised the payments in question, so the starting position is that he's liable for them in the first instance.

That is usually the position even where money might have been lost as a part of a scam.

But, as referred to by the Investigator, that's generally not the end of the matter. There are other considerations we'd normally go on to consider when deciding whether it would still be appropriate for a firm to refund the money that may have been lost as a result of a scam.

The CRM Code, for example, was a voluntary code (and Barclays was a signatory) which required firms to reimburse customers who have been the victims of APP scams in all but a limited number of circumstances. To decide whether it would apply to Mr U's payments, one of the things I'd need to be convinced about is that Mr U had lost control of his money to the scam when his funds reached G. I don't think there's enough to conclude that's the more likely scenario here. Even if G did introduce Mr U to H and later stopped communicating, I've seen insufficient evidence to show G intended to scam Mr U or was part of the scam itself.

Outside of the CRM Code, we'd also generally consider whether or not a firm should have identified a fraud risk – and so whether it should have looked at the wider circumstances surrounding a payment before processing it. We'd then usually go on to consider how a proportionate intervention would have likely played out and whether it would have made a difference to what happened, such that it'd be fair to hold a firm liable for the losses.

I've only briefly touched on the above. This is because for me the key point here is that Mr U's payments to H were made as a personal investment but were funded by money from a Bounceback loan. The Bounceback loan was taken out for Mr U's business. I appreciate Mr U believes he was entitled to use those funds where needed. But I can't agree with that. In fact, these government-backed loans were available to businesses during the pandemic to help with things like cash flow or to retain staff. The facility letter shows the maximum loan available was taken out for Mr U's business (and paid to his business account in 2021).

At application (section 9) Mr U was asked to confirm:

"I/We undertake to use the credit granted on the basis of this agreement only to provide economic benefit to my/our business, for example, providing working capital, or investing in my/our business. I/We also confirm that the Bounce Back Loan will be used wholly for business purposes and not personal purposes"

With reference to Bounceback loans, the government website, also lists *"the loan being used for personal benefit"* as one of the things that would be considered *"misconduct"*.

Again, we know H was a crypto-investment scheme and that Mr U made the payments to H in a personal capacity. So, while I accept that H turned out to be a scam, I don't think it'd be fair or reasonable to find that Barclays should redress Mr U for how he used the funds. That is, using a Bounceback Loan for personal reasons contrary to the scheme. In other words, even if I were to say, under the usual considerations referred to above, that Barclays should have done more, I still don't think it'd be fair to uphold this complaint. I'd effectively be asking Barclays to indemnify Mr U for his misuse of the funds. For this reason, I don't think Barclays acted unfairly in not refunding the losses Mr U is claiming.

Other matters

In appealing the Investigator's outcome, Mr U has referenced the mandatory re-imburement scheme for Authorised Push Payment scams – which came into effect in October 2024. The new rules under this scheme are not retrospective and don't apply to Mr U's payments.

Mr U has also pointed out that Barclays didn't pay him the £200 it said it would in October 2023. This money was offered as an apology for its delays in handling Mr U's complaint.

And it's important to note that 'complaint handling' itself is not a regulated activity – and it's not something I can comment on here. I will only say that Barclays did tell Mr U, in October 2024, that it made a mistake and that it'll pay the £200 once he confirms acceptance. So it's open to Mr U to contact Barclays directly to confirm acceptance of that, if he wishes.

My final decision

For the reasons I've given, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr U to accept or reject my decision before 3 January 2026.

Thomas Cardia
Ombudsman