

The complaint

A – a limited company – complains that Barclays Bank UK PLC ('Barclays') hasn't refunded the money it believes it lost to an authorised push payment ('APP') investment scam.

A's director, whom I'll refer to as 'Mrs G', has brought the complaint on behalf of A. Mrs G referred A's complaint to this service with the help of a professional representative. However, for ease of reading, I'll refer to A and Mrs G throughout my decision.

What happened

In July 2021, A lent £30,000 to a third party (whom I'll refer to as 'Mr W'). A was led to believe that Mr W would use the funds to complete a property development project and A was expecting to receive the capital back after a period of six months, along with 2.5% interest per month for the duration of the loan. However, A never received any funds from Mr W.

In June 2024, A raised a complaint with Barclays and asked for a refund of the money it had lost. Barclays didn't reimburse A's loss and so the complaint was referred to this service.

Our Investigator reviewed the complaint but didn't think this service could investigate the merits, because they didn't consider A was an eligible complainant. Our Investigator concluded that A didn't meet the required definition of a micro-enterprise because A wasn't engaged in economic activity at the time of the disputed payment.

A didn't agree with our Investigator and so the complaint was passed to me to make a decision about whether we can consider the merits of A's complaint about Barclays.

On 27 November 2025, I issued a provisional decision. I said I thought A was engaged in economic activity in June 2024. Taking into consideration the other criteria that a micro-enterprise needs to meet to bring a complaint to this service, I was satisfied A was an eligible complainant, meaning this service could consider the merits of the complaint.

I also considered the merits of A's complaint. I wasn't persuaded Barclays could've prevented A's loss or recovered A's funds once it was aware of the alleged scam. I also didn't think the Lending Standards Board's Contingent Reimbursement Model ('CRM') Code applied to A's disputed payments to Mr W because I wasn't persuaded A was engaged in economic activity at the time they were made, meaning A wasn't a micro-enterprise at the time of the alleged scam. So, I didn't think A could seek potential reimbursement of its loss from Barclays under the CRM Code.

Barclays didn't reply to my provisional decision. However, A didn't agree. Mrs G argued that A had filed company accounts from 2020 onwards and was in the development phase of launching a website when the disputed payments were made, meaning it was a micro-enterprise when the scam happened and its claim ought to be considered under the principles of the CRM Code.

As an informal agreement hasn't been reached, I'm now proceeding to issue my final 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.

I've carefully considered A's response to my provisional decision. However, having done so, I see no reason to depart from my provisional findings, which I'll reiterate below.

"I agree with our Investigator that A didn't meet the definition of a micro-enterprise at the time it lent money to Mr W. This is because I'm not persuaded A was engaged in economic activity at that time.

A was incorporated as a limited company and registered with Companies House in 2019. A lent £30,000 to Mr W in July 2021 and A intended for the funds to be used by Mr W towards the costs involved in completing a property development project. Prior to the disputed payment to Mr W, A had also lent another company (which I'll refer to as 'Company C') £45,000 for a similar purpose to its payment to Mr W – i.e., the purpose of the payment was to lend funds to Company C to be used towards a property development project which A had no involvement in.

At the time of the payments to Company C and Mr W, A wasn't providing goods and/or services on a given market. So, it wasn't engaged in economic activity at the time the disputed payment was made. This means that in July 2021, A didn't meet the relevant definition of a micro-enterprise to be able to bring a complaint to this service.

However, A can still meet the definition of a micro-enterprise, which would allow it to bring a complaint to this service, if it met the relevant definition of a micro-enterprise at the time it complained to Barclays.

Mrs G was the director of another business, which I'll refer to as 'Company N', which was an active limited company on Companies House from its incorporation in 2001 until it was dissolved in August 2023. Company N ran a social media website, with the aim of connecting individuals who shared certain religious beliefs. I'll refer to the website as 'N.com'.

Mrs G has explained that when Company N was dissolved, ownership of N.com was transferred to A and, from as early as May 2023, A began to receive invoices relating to the operational costs of running N.com. I've been provided with multiple invoices, addressed to A, dated between May 2023 and November 2024, which relate to the operational costs of N.com.

The invoices appear to have been paid by credit card and A's statements show credit card repayments being made during the period the invoices relate to. I also note that in June 2023, A made a direct payment of over £1,500 to the same merchant the other invoices are from, suggesting it was paying the operational costs for N.com. Furthermore, A paid £4,000 to a third party for digital content relating to N.com in August 2023.

In July 2023 (shortly before Company N was dissolved), A changed its nature of business on Companies House from "Buying and selling of real estate" to "Other service activities not elsewhere classified". A has explained that this is because A took over the operation of N.com from Company N.

The evidence strongly suggests that when A complained to Barclays in June 2024, it was actively involved in running N.com and, as A had taken over responsibility for N.com from Company N and N.com was an operational website, I'm satisfied A was providing a service on a given market at the time the complaint was made to Barclays.

To date, N.com hasn't generated an income. And A hasn't generated an income relating to it providing goods and/or services on a given market. However, A doesn't need to have earned an income from N.com to satisfy the test for engaging in economic activity. I just need to be persuaded that there was a legitimate intention to make the website profitable at the time the complaint was raised with Barclays.

Mrs G has explained that there are approximately 350 users of N.com globally, and Mrs G believes that once that number reaches above 600 users, N.com will be able to start charging members a monthly subscription fee for its services. This suggests to me that there was a genuine intention for the website to become profitable and for it to generate a future income at the time the complaint was raised with Barclays.

A met all the other criteria for it being a micro-enterprise as set out in the Financial Conduct Authority Handbook at the time it complained to Barclays. As a result, I think A is an eligible complainant of Barclays and the complaint is one we can consider. So, I've gone on to consider whether A's complaint should be upheld or not.

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 at law is that a firm is expected to process payments and withdrawals that a customer authorises, in accordance with the Payment Services Regulations (in this case, the 2017 regulations) and the terms and conditions of the customer's account.

It's not in dispute that A authorised the disputed payments. So, under the Payment Services Regulations, the starting position here is that A is responsible for the payments (and the subsequent loss).

However, at the time of A's payments to Mr W, Barclays was signed up to the CRM Code, which required firms to reimburse customers who'd been the victims of APP scams in all but a limited number of circumstances.

For the CRM Code to apply to A's circumstances, I need to be reasonably satisfied that A met the CRM Code definition of a micro-enterprise at the time the payment was made. As I've set out above, A wasn't a micro-enterprise at the time of the disputed payments. Whilst it subsequently did meet the definition of a micro-enterprise, allowing it to bring a complaint to this service, A didn't meet that definition when the payments were made. And the date of the payments is important here. A needed to meet the definition of a micro-enterprise when the disputed payments were made. It wasn't a micro-enterprise when the payments were made and therefore the CRM Code isn't a relevant consideration here. In short, A can't seek potential reimbursement of its loss from Barclays under the CRM Code.

I've thought about whether there are any other reasons, outside of the CRM Code, that would allow me to fairly hold NatWest responsible for A's loss. Good industry practice required Barclays to be on the lookout for account activity or payments that were unusual or out of character to the extent that they might indicate a fraud risk. On spotting such a payment, I'd expect it to take steps to warn the customer about the risks of proceeding.

A sent £30,000 to Mr W via two faster payments. The first was for £1 and the second was for the remaining £29,999. Given the value of the second payment to a newly created payee, I'd reasonably have expected Barclays to have considered that it demonstrated that A was at risk of financial harm from fraud. In those circumstances, Barclays reasonably ought to have spoken to A about the purpose of the payment, to satisfy itself that the payment was being made for a genuine purpose.

Barclays didn't intervene when the second payment was made as it says it wasn't unusual. So, I have to decide whether it's more likely than not that A would've acted differently if Barclays had questioned the payment.

Mrs G has gone into detail about how she was introduced to Mr W; why she thought he was offering a genuine investment; and why she had a reasonable basis for believing it was a legitimate investment opportunity. I must also bear in mind that this wasn't the first time A had invested in a similar scheme and so Mrs G had some experience.

Prior to lending Mr W funds, Mrs G had spoken to Mr W about how the investment would work. She'd also spoken to other investors who confirmed they'd had no issues across several of Mr W's previous projects. She'd been provided with evidence from Mr W to show he had significant assets to be able to repay A's loan, and she'd received a professional looking contract setting out the terms and conditions of the loan. Finally, the return offered by Mr W was modest and believable. So, taking all of the checks Mrs G had done into account, I don't find that Barclays would've had any concerns about the payment, and I don't think Mrs G would've been persuaded by any scam education to not go ahead with the payment, such was her belief that Mr W was offering a genuine investment opportunity.

A didn't report the situation to Barclays until approximately three years after the funds were sent to Mr W. Given the time that had passed, I think it's highly unlikely that Barclays could've done anything to recover A's funds. As a result, I don't think Barclays missed an opportunity to mitigate A's loss.

A's payments to Mr W aren't covered by the principles of the CRM Code, so Barclays doesn't need to reimburse A under the CRM Code. I'm also not persuaded Barclays reasonably could've done anything to prevent or recover A's loss. So, I'm not persuaded Barclays can fairly be held responsible for reimbursing A in the circumstances."

Barclays hasn't raised any objections in response to my provisional findings that we can consider the merits of A's complaint. So, I won't revisit that point further. Instead, I've focused on whether Barclays ought to reimburse A's loss under the principles of the CRM Code.

A was incorporated in 2019 and has filed accounts with Companies House since 2020. The disputed payments weren't made until 2021, so I can understand why Mrs G thinks it was a micro-enterprise at the time of the alleged scam. However, I disagree this demonstrates it was engaged in economic activity when the disputed payments were made.

Mrs G initially told us that A was incorporated with a view to investing in property projects. When the disputed payments were made, it had lent money to Company C, but it wasn't involved in the development project the funds were used towards. Also, when A sent funds to Mr W, there was no intention for A to be involved in that project either. Both investments were purely a loan from A, which isn't being engaged in economic activity.

In response to our Investigator's initial view, Mrs G then said that A was incorporated for the purposes of operating N.com. I accept that evidence has been provided of A paying invoices relating to N.com, but these only date back to May 2023 (almost two years after the disputed payments were made). I've been provided with no evidence to suggest A was involved in the operation of N.com at the time the disputed payments were made.

In fact, Mrs G told this service on 18 November 2025 that A was set up for the purpose of investing in building projects – rather than for the purpose of operating N.com – and this is what led to the investment with Mr W. It was only after the bad experience with Mr W that A changed its business activity and began focusing on N.com.

Whilst I appreciate A has, in the past, been involved in the operation of N.com, I've seen no evidence to suggest it was involved in N.com at the time of the disputed payments and, I think it's more likely that the operation and development of N.com was being carried out by Company N in July 2021 and not A. Mrs G's own testimony suggests it was only *after* the disputed payments were made that A became involved in N.com and that coincided with A changing its nature of business on Companies House and started paying invoices on behalf of N.com, all of which occurred only *after* A had sent funds to Mr W.

I'm not persuaded A was engaged in economic activity when the disputed payments were made, which means it didn't meet the definition of a micro-enterprise at the time of the alleged scam. That means the principles of the CRM Code don't apply to this complaint.

As I've explained, I don't think Mrs G would've acted differently if Barclays had intervened to question her about the second disputed payment. Whilst I appreciate Barclays failed to intervene when it ought to have done, I don't think A's loss could've been prevented.

A's loss wasn't reported to Barclays until almost three years after the disputed payments had been made. So, it's highly unlikely that any of A's funds would've remained in the beneficiary account to be recovered. As a result, I don't think Barclays reasonably could've done anything to recover A's loss.

My final decision

For the reasons explained above and in my provisional decision, my final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask A to accept or reject my decision before 9 January 2026.

Liam Davies
Ombudsman