

The complaint

R complains about Barclays Bank UK PLC's refusal to reimburse the losses it suffered when it says it was scammed by another company.

What happened

The background to this complaint is familiar to both parties, so I'll only refer to some key facts and events here.

R provides financing for the installation of renewable heating systems under a government scheme. R entered a contract with another company - which I'll refer to as 'B' - for it to deliver, supply, and install heat pumps to residential properties. In return R provided financing for the installation and would receive an assignment of rights in relation to the payments received under the government scheme.

Between May and November 2021, B invoiced R for 52 installations, and provided completion certificates and evidence of the work completed (including photographs of the installations). As a result, R made 52 payments from its Barclays Business Account to B, totalling £389,276.

In November 2021, R was informed by a customer that B had not installed the heat pump as agreed, although B had photographed a heat pump at the customer's home, which was later taken away. R made enquiries of the other customers where B was expected to install heat pumps. It discovered that in a significant number of cases, a heat pump had been left at the property uninstalled or partially installed. There were also a number of cases where the property had no heat pump at all. This was despite the fact B had provided R with certificates confirming all 52 installations had been fully carried out. R considered it had been the victim of a scam.

R made a claim to Barclays for reimbursement under the Contingent Reimbursement Model ('CRM') Code, but this was rejected by Barclays as a civil dispute.

R then commenced civil court proceedings against B for the loss it suffered. In October 2023, R obtained a CCJ against B for the loss it suffered in relation to one incomplete installation. But R was only able to recover £469.10 from B by way of a third-party debt order. R complained to Barclays that it should reimburse the remainder of its loss under the CRM Code. Barclays maintained that it was not required to reimburse R's loss on the basis that it was a civil dispute.

R referred its complaint to the Financial Ombudsman. Our Investigator upheld the complaint in part. He considered that on the occasions where B had failed to install a heat pump, but provided fake evidence to suggest that it had, it could be determined that B had acted fraudulently – i.e. it never intended to install the heat pumps in return for R's payments. He concluded that Barclays should refund the losses associated with these installations. But he concluded that where B had partially installed the heat pumps, or had installed them poorly, it was not possible to determine it had acted fraudulently, because it had at least partially fulfilled its obligations.

While R accepted our Investigator's opinion, Barclays rejected it. It maintained that the loss related to a civil dispute. It also asked that the Financial Ombudsman dismiss the complaint without consideration of the merits, on the basis that the subject matter of the complaint had been the subject of court proceedings (DISP 3.3.4A).

The complaint was then passed to me to decide. I issued a provisional decision on 10 December 2025, explaining why I was not persuaded the available evidence proved, on balance, that R had lost money to a scam, and why it was therefore not entitled to a refund under the CRM Code. For completeness, I repeat my provisional findings here:

"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 recognise that this is a complex and finely balanced case. But having carefully considered the evidence that is currently available and has been presented in support of this complaint, I am not currently persuaded there is sufficient persuasive evidence to demonstrate that R has lost money to a scam. I realise this will be very disappointing to R. I do not underestimate the impact the loss has had on its business operations, or for the directors personally. But for the reasons I'll go on to explain, I'm not persuaded Barclays is required to reimburse its losses under the CRM Code.

I'm aware I've summarised this complaint and the relevant submissions briefly, in much less detail than has been provided, and in my own words. No discourtesy is intended by this.

In this decision, I've focussed on what I think is the heart of the matter here. Therefore, if there's something I've not mentioned, it isn't because I've ignored it - I haven't. I'm satisfied I don't need to comment on every individual point or argument to be able to reach what I consider is a fair and reasonable outcome. Our rules allow me to do this, reflecting the informal nature of the Financial Ombudsman as a free alternative to the courts.

My role is to consider the evidence presented by the parties to this complaint and reach what I think is a fair and reasonable decision, based on what I find to be the facts of the case.

Should this complaint be dismissed without consideration of the merits?

I note Barclays requested that I dismiss this complaint on the basis the subject matter of the complaint has been the subject of court proceedings (DISP 3.3.4A), but I disagree.

While I can see R has pursued limited legal action against B, I don't agree this covered the same issues that are in dispute here. R's County Court Claim sought to recover the installation costs for one heat pump that had not been installed as agreed. A default County Court Judgement was then made against B as it did not respond to R's claim. It was ordered to pay R £8,002. R has recovered £469.10 in relation to this claim.

Having reviewed the court documents, I cannot see the court was asked to determine whether B was acting fraudulently or if it had scammed R. Nor did the court consider Barclays' potential liability in relation to R's loss.

The subject matter of this complaint is to determine whether Barclays reached a fair outcome when it declined R's claim for reimbursement under the CRM Code. As such, I do not consider the CCJ impacts on my ability to consider this complaint.

So, I have gone on to consider if Barclays was required to reimburse R's loss.

The CRM Code

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

Barclays was a signatory to the voluntary CRM Code, which provided additional protection to scam victims while it was in place. 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 is met. Here the relevant definition is set out in DS1(2)(a)(ii) of the Code:

"Authorised Push Payment scam, that is, a transfer of funds...where [...]

(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 explicit that it doesn't apply to "private civil disputes, such as where a Customer has paid a legitimate supplier for goods, service or digital content but has not received them, they are defective in some way, or the Customer is otherwise dissatisfied with the supplier".

It is evident that R entered into the agreement with B, and paid the invoices it received, in good faith and on the understanding it had entered into a legitimate business agreement. I'm therefore satisfied R had a legitimate purpose when it made the payments to B.

It is also evident that B did not fulfil its obligations under the agreement with R. While there is evidence B installed three heat pumps in line with the agreement, it failed to properly install the remaining 49. In the circumstances I can understand why R would think it had been scammed and why it would seek recovery of its losses.

But for me to conclude that Barclays is required to reimburse R's losses under the CRM Code, I would need to be persuaded that it's more likely than not that B received R's funds for a fraudulent purpose.

To reach a conclusion that B had fraudulent intent, I would need to see more than just evidence of poor business practice or a breach of contract. I would need to see compelling evidence that B ultimately never intended to fulfil its part of the agreement – which at its most basic was the agreement to install heat pumps. If B ultimately intended to install the heat pumps, whether this was outside the timeframe agreed or not to the expected standard, then I would not be able to reach the conclusion that it was a scam.

I have carefully considered the evidence presented in this case and consider it to be finely balanced. As I'll go on to address in further detail, while I accept there is evidence which suggests that B was operating fraudulently, I think there is also evidence indicating that it was a legitimate business which failed to deliver on its promises. I should explain that a legitimate business is not necessarily one that makes no mistakes or one that always acts honestly or with integrity.

I have considered what information exists publicly about B and whether this indicates it was more likely than not operating fraudulently. I can see B is registered on Companies House and it had been incorporated more than three years prior to its agreement with R. While there is currently an active proposal to strike the company off, I do not know what has led to this and it does not necessarily point to fraudulent activity. Online reviews also indicate that B was providing and installing a range of renewable technologies both before and after its agreement with R. The reviews do indicate some problems with the company, including problems with the quality of installations and its customer service. But overall, the reviews do not appear to support that B was operating fraudulently.

I have thought about the fact that B only fully installed three heat pumps, leaving most of the work incomplete – in 24 cases the heat pump was partially installed; in 8 cases the heat pump had been left at the property but not installed; and in 17 cases there was no heat pump at all. This could indicate that a scam was taking place as B clearly did not fulfil the agreement it had with R. But if B's intention from the outset was to scam R, I must question why it completed (either fully or partially) any of the installations. It seems that to carry out at least partial installations in more than half of the agreements, and to deliver heat pumps to another eight properties, would have required a significant outlay of time and expense, that I would not have expected had the intention been to not complete the work at all. I've therefore had to consider if there could be any other explanation of why the work was not completed as agreed.

I have seen an email exchange between B's director ('Mr A') and the MCS (a certification scheme for renewable energy technologies) where Mr A explained "The reason why we issued Certs before fully functional units was because we wanted to squeeze more jobs before the scheme ends". He also said "we are working with [R] to resolve this issue". While this points to dishonesty – as Mr A seems to freely admit issuing certification before B was entitled to do so – this does not indicate it was a scam. Rather it seems to suggest that B had taken on more work than it could fulfil in the timeframe of the government scheme, but that it ultimately intended to carry out the work.

Further, in a call between Mr A and one of R's directors, Mr A asked "so you don't want me to finish these" (presumably referring to the incomplete installations), to which R's director answered "your relationship with these customers is no longer [...] do not contact them do not go anywhere near them, you have blown it". While I can understand R's reluctance to allow B to complete the installations, Mr A's comments do appear to show a willingness to complete the work. I am aware that Mr A's intention may not have been genuine, and that work may not have been carried out even if R had allowed it to take place, but I'm not able to determine what is most likely based on the evidence that has been presented to me.

I have also thought about the fact B forged documentation and staged evidence to support that heat pumps had been installed, when B knew that they hadn't been. I've also thought about the fact that this evidence was then used specifically to obtain payment from R. I agree that this shows a significant level of dishonesty on B's part, which could indicate that it would be prepared to scam R. But while it is evidence of dishonesty, I don't think I can infer from this that B never intended to complete the installations, particularly in light of the evidence above.

I've also given consideration to whether B started out as a legitimate business, intending to carry out installations but failing, but later decided to scam R, on the basis that it would claim for work that it never intended to carry out. While I think this is again a possibility, I don't think the evidence sufficiently demonstrates this is most likely.

I have been provided with spreadsheets detailing the work carried out at the 52 properties

B was contracted to install a heat pump. There is no clear pattern to which installations were completed fully, partially or not at all. For example, I can see the first installation was completed, the second installation only the heat pump was delivered and the third installation nothing was done. But then the next five installations were carried out partially. If B was only carrying out a few installations to gain R's trust so that it could further the scam, I would have expected to see all the completed installations take place at the start and then I would have expected to see it consistently not completing installations. But instead, the full installations are spread over several months, with the latest full installation taking place on 31 August 2021, three months after the first installation took place. While I can see that there are more instances of B claiming for installations where it had carried out no work in October and November 2021, again this is not completely consistent. I'm also mindful that less work may have been completed on the later installations because work might otherwise have carried on had the problems not been uncovered.

Having carefully considered everything that has been presented in support of this complaint, I'm not currently persuaded there's sufficient evidence to demonstrate that it's more likely than not B was operating a scam. To be clear, I'm not concluding that B wasn't operating a scam, just that I can't conclude it's the most likely possibility in view of the evidence available at this time.

As I'm unable to conclude that R has lost money to a scam, I am unable to require Barclays to reimburse those losses under the CRM Code. I consider Barclays therefore acted reasonably in declining R's CRM claim.

I'm conscious that further evidence could later come to light which could shed more light on B's intention when it entered into the agreement with R, and when it sought payment for installations it had not completed, which could tip the balance to show that it was more likely than not operating a scam. If this happens R can ask Barclays to reconsider its CRM claim. It could then refer any resulting complaint back to the Financial Ombudsman for further consideration.

Should Barclays have otherwise prevented R's loss?

Lastly, I've considered whether Barclays should have done any more at the time R instructed the payments, which could have prevented the loss.

Taking into account longstanding regulatory expectations and requirements, and what I consider to be good industry practice, Barclays ought to have been on the look-out for the possibility of fraud and made additional checks before processing payments in some circumstances.

So, I've considered whether the payment instructions R gave Barclays were unusual or suspicious enough to have expected additional checks to be carried out before the payments were processed.

Having reviewed R's previous account activity, I don't think any of the payments to B ought to have stood out as unusual or suspicious, as they were entirely in keeping with R's intended business model. But even if Barclays had intervened and asked questions about the payments, I don't think it would have uncovered anything that would have given it reason to believe R was at risk of financial harm from fraud. So, I can't fairly say Barclays could have prevented R's loss at the time.

Overall, I'm not persuaded that R has fallen victim to an APP scam, based on the evidence available. I've no doubt that this will be extremely disappointing to R's directors,

given the loss it suffered and the impact it has undoubtedly had on the business, but I'm unable to say that Barclays are liable to reimburse its loss. Should any material new evidence come to light at a later date, for example a police or other investigation, R can ask Barclays to reconsider its claim. But, as it stands, I can't fairly say it should reimburse R's losses under the CRM Code, or for any other reason."

Barclays accept my provisional decision. R disagreed and asked that I consider further evidence which it considered demonstrated that B had intended to defraud it. In summary it said:

- It considered the definition of fraud, as set out in the Fraud Act 2006, had been met. It said the evidence supported that Mr A made false representations intending to make a personal gain and/or cause R to suffer, or be exposed to, a risk of loss.
- A telephone call between Mr A and R's directors on 1 December 2021, demonstrates that Mr A had no intention of carrying out any of the rectification work to complete the installations. B's bank statements also demonstrate that it did not have sufficient money available to carry out the work needed.
- B's bank statements demonstrate it mis-appropriated money received from R, as 38% was either transferred to other accounts in Mr A and B's names, Mr A's friends and family, or spent on personal expenses.
- On R's request, Barclays had initially frozen £56,000 in B's bank account. When these funds were later made available to B it did not use it to repay R.
- B was not operating as a legitimate company. It had received no revenue prior to receiving payments from R, and its company accounts show minimal business activity in 2022/23.
- There was a pattern to the failed installations which were indicative of a scam. It said this was typical of a Ponzi-type scheme, where initially more genuine work was completed to convince R that it was a legitimate scheme. There were many more incomplete installations and properties without heat pumps towards the end of the period in consideration.

R also later confirmed that it had decided not to report B or Mr A to the police or Action Fraud, as, on legal advice, it was concerned this could impact its negotiations with B to reach a financial settlement. But it provided evidence that Mr A had criminal convictions unrelated to his role with B. It also provided evidence to show that Ofgem had begun an investigation into another company Mr A was involved with, which included further allegations of dishonesty concerning the installation of heat pumps. It said both B and the other company Mr A was associated with had lost their MCS licences and so could no longer operate in the renewable heat pump sector.

Having received responses from both parties, it is now for me to decide the case.

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 have given very careful consideration to R's objections to my provisional decision, alongside the additional evidence it has provided. While I am sympathetic to the position R is in through no fault of its own, I am not upholding this complaint for largely the same reasons

set out in my provisional decision.

I can understand why R's directors feel they have been scammed by B. I am in no doubt B's actions, and that of Mr A, has ultimately led to R suffering a significant financial loss. But for me to conclude that Barclays is required to reimburse R's losses under the CRM Code, I would need to see clear persuasive evidence that B's intention was always to scam R – i.e. that B's purpose in receiving the funds was fraudulent. While I can't rule out the possibility that B was operating a scam, I don't think that is the only explanation for what happened or why things went wrong. Ultimately, I'm not persuaded I can safely conclude, on balance, that R lost money to a scam. I'll explain why.

Was B's purpose in receiving R's funds fraudulent?

It's difficult to know with any certainty what B/Mr A's intentions were when it entered into an agreement with R to install heat pumps, and when it subsequently claimed payment for installations that were not complete.

It's possible that Mr A never intended to complete the installations and intended to scam R. It's also possible that Mr A did intend to carry out the installations, but later than agreed. If this second scenario were true, while B would most likely be acting in breach of contract (which could give rise to a civil dispute), it would not be operating a scam – as it would have ultimately accepted R's funds with the intention of completing the installations.

R has provided me with a call recording from 1 December 2021, where Mr A indicates that he is not prepared to cooperate with R and he would not be carrying out the rectification work. I accept this indicates that Mr A was not acting in good faith, and again was likely acting in breach of the contract he had signed with R. But Mr A's actions after the payments are not a clear indicator of what his intentions were when the payments were requested.

There are other sections of the same call which appear to point to this being a failed venture, rather than an intent to scam. For example, when discussing what happened Mr A says *"I'm not a crook, by the way. It was an experiment, and I failed miserably"*. He also later says *"But I will learn hell of a lot in this journey from this mistake I've made, both from legal perspective, from recruitment perspective, from the perspective of who to trust, who not to trust, all these aspects, I've learned so much so far already."* The initial statement indicates that Mr A may have started the business, without the necessary skills or experience to make it successful. The second statement points to other possible reasons why the venture failed – for example not having the right people to complete the work. While all of these things may point to very poor business practice, they do not necessarily indicate it was a scam.

Later in the same call, when discussing advice Mr A claims to have sought, he said *"I told him that this is what's happening. I want to finish more jobs in less time, but it will not be complying with the agreement, but I will go back and finish them off."* This is consistent with other evidence I have seen which indicates that Mr A took on more work than could be managed but that he did intend, at least at the outset, to complete the installations at a later date. Whether his intention changed later is largely irrelevant for the purposes of the CRM Code definition of a scam, which is only considering the purpose of both parties when the payment is made.

I accept that Mr A's various statements may not be an honest reflection of his intentions, and he may have been simply trying to disguise his wrongdoing. But I don't have sufficient evidence to show that is more likely than not. As such, I have had to consider this evidence on face value, and as such I think it provides an explanation for events which would not amount to a scam for the purposes of the CRM Code.

I have also taken into account Mr A's overall behaviour and engagement with R. While I accept R has presented evidence which calls into question Mr A's character and integrity, I am also mindful that he appears to have been in communication with B for a considerable time after the concerns came to light. R has explained that it continued negotiations for a number of months but by 2023, Mr A stopped communications. Even if these negotiations were ultimately unsuccessful, the fact that Mr A was engaged in some form of communication for months, suggests an intention to resolve the ongoing conflict. The fact that negotiation ultimately failed, does not necessarily demonstrate B had been acting with fraudulent intent.

Does the evidence support that B misappropriated R's funds

R has provided me with an analysis of B's bank statements and has highlighted what it considers to be evidence of B misappropriating the funds it received from R. Having carefully considered this evidence, I don't think it is as clear or definitive as R has suggested.

I accept that B transfers significant sums to an account in Mr A's name. But without sight of Mr A's account statements, I can't be sure that those funds were used for purposes other than how they were intended. For example, while it may be poor business practice to transfer funds to a personal account, it is not evidence in and of itself that the funds were not ultimately used for business purposes.

I can also see B later transferred significant sums to another account in its name. Those account statements show a significant amount of legitimate business spend. I accept that there is also a significant amount of personal spend, but I don't consider the proportion of personal spend to be so high to say it proves B had a fraudulent intent when it received R's funds, or that R's funds were misappropriated.

R has also highlighted instances in B's statements where large payments are made to a named individual. R has suggested that these are payments to a friend, and not for legitimate business purposes. But I have seen multiple instances of payments to this same individual with the reference "*salary*". So, without further evidence to the contrary, I think it is entirely plausible that payments to this individual were business expenses connected to the installation of heat pumps.

As such, while I can understand R's concerns that B's account statements highlight some areas of concern which *may* point to the misappropriation of funds, I do not think the evidence is sufficiently conclusive on this point.

Returning to the point around Mr A's behaviour, I think it should be noted that, according to R's testimony, Mr A voluntarily provided copies of B's bank statements to R. While this isn't necessarily conclusive either way, I think it would be less likely for a scammer to share information as openly as this.

MCS Licence and Mr A's other business interests

I have carefully considered the other evidence R has provided relating to Mr A's other business interests. While I again accept that this points to poor business practice, and potentially fraudulent activity, I do not have sufficient evidence to determine which is more likely. And even if I could, it would not necessarily follow that even if Mr A engaged in fraudulent activity at another time, B was also operating fraudulently.

I note that Ofgem appears to have started an investigation into one of Mr A's companies, but the outcome of this investigation is unknown. As such, while the allegations in the email shared appear concerning, and may point to a pattern of behaviour, they are as yet untested

and unsubstantiated.

Similarly, while I note B has lost its MCS licence, this does not add much to what is already known. It is undisputed that B faked certification to receive payment for incomplete installations. In these circumstances it is unsurprising that this then led to it losing its licence. But it does nothing further to prove that B never intended to install the heat pumps correctly.

Was B operating a legitimate business?

R has pushed back on my provisional conclusions that there is some evidence to indicate B was operating as a legitimate business. It noted the bank statements showed no other revenue for five months before it started receiving payments from R; the company accounts from 2022/3 showed a minimal business activity; and the online reviews were potentially fabricated.

While I appreciate R's concerns and why it has highlighted these points, I'm still not persuaded that any of these factors demonstrate that it's more likely than not that B intended to scam R.

I do not have a complete picture of how B operated, and so while its revenue stream is not altogether clear in early 2021 (although I have noted there were regular payments into the account which may relate to legitimate business activity), I'm aware that B was utilising other bank accounts, including accounts in Mr A's name, which could have been used for business purposes. But even if B wasn't operating prior to its agreement with R, this does not demonstrate that it was operating a scam. Similarly, any activity, or lack of activity after its agreement with R, does not provide compelling evidence regarding its intention when seeking payment from R.

I also accept that not all online reviews can be trusted as legitimate. But I think it is significant that even in the reviews that are not favourable to B, they indicate that work was completed but that it was not of the standard expected. As previously stated, poor workmanship and poor business practice is not enough to show something is a scam.

Was there a pattern to which installations were incomplete?

R has suggested that there was a pattern to which heat pumps were installed, and which weren't. It said of the 17 cases where no heat pump was even left at the property, 12 of these happened in the final month before the issues came to light. It considers this demonstrates a Ponzi-type scheme.

As I set out in my provisional decision, I accept that towards the end of the period in question there were more instances of B claiming for installations where it had carried out no work at all. I accept there's a possibility this indicates an intention not to carry out the work at all, but I think it's just as plausible that less work may have been completed on the later installations because work might otherwise have carried on had the problems not been uncovered.

Summary

I realise this outcome will come as a serious disappointment to R's directors. I do understand their strength of feeling in regard to this matter. But based on the evidence currently available, I am unable to reasonably conclude the evidence shows it's more likely than not that B was operating a scam. As such, I'm unable to say that Barclays is liable to reimburse its loss under the CRM Code.

Should any material new evidence come to light at a later date, for example a police or other investigation, R can ask Barclays to reconsider its claim. But, as it stands, I can't fairly say it should reimburse R's losses under the CRM Code, or for any other reason.

My final decision

For the reasons outlined above, I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask R to accept or reject my decision before 19 January 2026.

Lisa De Noronha
Ombudsman