

The complaint

Mrs A complains that Barclays Bank UK PLC ('Barclays') won't refund the money she says was lost as the result of a scam.

What happened

Mrs A's husband met an individual I'll refer to as S, who he built a friendship with over a few months.

Mrs A and her husband were looking to change a property from being two maisonettes to two houses. S offered advice about the proposed work. Mrs A says S invited them to his home, which he said he'd completed work on. S also introduced Mrs A and her husband to a builder who I'll refer to as D.

Ultimately, Mrs A and her husband signed a contract with a company I'll refer to as C, for the work to be completed on their property. S said he would oversee the work, arrange purchasing and oversee paying the labourers. Mrs A says they had a fixed price contract for £400,000.

S asked for £100,000 as an upfront payment for building materials and told them they wouldn't have to pay anything further for the first four months. However, within two weeks of making the payment, S was demanding more money and said the work would stop if they didn't pay immediately. Mrs A says they paid around £6,000 per week in cash to S.

These are the payments that Mrs A made from her Barclays which are the subject of this complaint.

Date	Details of transaction	Amount
20.6.2022	Payment to C	£10.00
20.6.2022	Payment to C	£29,990.00
8.7.2022	Payment to C	£10,000.00
8.7.2022	Payment to C	£40,000.00
15.8.2022	Payment to C	£2,931.61

Work commenced in July 2022. Mrs A says demolition was carried out with the vast majority of the roof taken out, internal walls demolished as well as ceilings and floors. After the demolition had been completed, Mrs A says S asked for £465,000 to complete the work.

In September 2022, Mrs A terminated the contract with C. Mrs A says S didn't provide the requested breakdowns on how the £100,000 was used. Also, S told Mrs A that he had paid an electrician £15,000, whereas the electrician said he'd only received £2,000. There were also discrepancies regarding money paid to the plumber and costs associated with rubbish removal and scaffolding. Also, while £10,000 was paid for the purchase of wood, D says only £1,000 of wood was delivered to the site. Mrs A set out her concerns in writing to S, saying there was a discrepancy of £50,000 between what they paid to S and what he put towards building costs. They asked S to refund them.

Mrs A says that S threatened to remove the props supporting the walls of the property.

Mrs A believes they were the victim of a scam and contacted Trading Standards, the police and Action Fraud. She also raised a fraud claim with Barclays through a professional representative.

Barclays say they tried to contact Mrs A to get additional information, but were unable to get hold of her, so they didn't raise a fraud claim.

Mrs A wasn't happy with Barclays' lack of response, so she brought a complaint to our service.

An investigator looked into Mrs A's complaint but didn't uphold it. The investigator wasn't satisfied that Mrs A had shown C set out to defraud her or that C were operating fraudulently. While Mrs A had provided a video of D saying that it was a scam and that S set out the intention to defraud Mrs A, there wasn't any evidence to support this.

Mrs A disagreed with the investigator's opinion and raised the following points:

- S was defrauding them in relation to what he said he'd paid to third parties versus what he actually paid them.
- S intentionally gutted the building to the point of structural collapse before giving them a quote for more than double the initial contract price to put it right.
- S forged D's signature on a deposit receipt.
- S has hidden assets amongst his family.
- S was involved in a previous land banking scam and was disqualified from being a company director as a result.
- Mrs A and her husband have lost everything as a result of S's actions.
- The payments from her Barclays account were unusual and Barclays should've protected her.

Mrs A says she has talked to lawyers about recovering her loss through the courts but has been told it's a non-starter as S doesn't have any assets. Also, they can't afford the costs that would be involved in a court case.

Mrs A asked for an ombudsman to review her 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'm really sorry to hear about the significant financial difficulties that Mrs A and her husband have faced as a result of C and S's actions. As well as the serious impact the stress from this situation has had on their health. I realise that Mrs A has ended up significantly out of pocket, but I'm not making a finding on whether C or S owes her money, rather whether Barclays can fairly be held liable for her loss.

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 more likely than not to have happened in light of the available evidence.

In broad terms, the starting position at law is that Barclays is expected to process payments and withdrawals that a customer authorises it to make, 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 Mrs A authorised these payments, although she did so not realising that she would suffer a financial loss as a result.

Is Mrs A entitled to a refund under the CRM Code?

Barclays have signed up to the CRM Code, which requires firms to reimburse customers who have been the victims of Authorised Push Payment (APP) scams, in all but a limited number of circumstances.

But the CRM Code does not apply to private civil disputes, for example 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.

The CRM Code defines what is considered an APP scam as, "where the customer transferred funds to another person for what they believed were legitimate purposes, but which were in fact fraudulent".

It's important to explain that the CRM Code doesn't cover cash withdrawals, so I can't consider it in relation to any cash withdrawals Mrs A made. The payments to C were push payments, so can be considered under the CRM Code.

In order to decide whether the circumstances under which Mrs A made her payments meets the definition of an APP scam, I need to consider:

- The purpose of the payments and whether Mrs A thought this purpose was legitimate.
- The purpose the recipient (C) had in mind at the time of the payments and whether this was broadly in line with what Mrs A understood the purpose to be.
- And, if I decide there was a significant difference in these purposes, whether I'm satisfied that was as a result of dishonest deception.

Mrs A was making payments to C for building work to be completed on her property. Mrs A had numerous meetings with D and S prior to making the payments and says their quote was in line with another quote they'd received. I haven't seen anything that would've suggested to Mrs A that this wasn't a legitimate purpose.

So, I've gone on to consider what purpose C had in mind and whether it was in line with what Mrs A thought.

In reaching an answer on what purpose C had in mind, the key information is:

- C was a UK incorporated company set up in September 2018, which is still currently active. It appears to have been operating for some years prior to Mrs A making her payments. S wasn't a director of C, nor was he a person with significant control. Mrs A says that S's daughter is a director because S was disqualified from being a

company director. But I haven't seen any evidence that shows C was operating fraudulently or that C took Mrs A's payments with a different purpose in mind – which is what Mrs A needs to prove in order to meet the definition of an APP scam.

- We've received information from the receiving bank, and I'm limited on what I can share due to data protection legislation. But this evidence doesn't support that Mrs A is the victim of an APP scam.
- Mrs A contacted Action Fraud, Trading Standards and the police. But there is no indication that these organisations have or will look into C or their conduct. So, there is no independent evidence that shows C took Mrs A's funds with a different purpose in mind, or that Mrs A's funds weren't used for the intended purpose – which was building work on her property.
- I understand Mrs A's concerns regarding payments made to various third parties and the discrepancy between what S said they were paid and the actual payments they received. However, there isn't any clear evidence to show how Mrs A's funds were used by C. This type of forensic accounting evidence would usually be available following an investigation by the police or Trading Standards. Also, if Trading Standards and the police have chosen not to investigate C, that suggests there isn't sufficient evidence to support Mrs A's claims. If there is an investigation at a later date and material new evidence comes to light which points to C's intention at the time Mrs A made her payments, she can ask Barclays to reconsider her claim.
- Poor business practices by C in relation to not providing cost/expenditure breakdowns, or the amount of profit they were making on the services/goods they were supplying to Mrs A, doesn't meet the definition of an APP scam. It's possible that C had built in very high markups on the goods/services they were providing to Mrs A, but that doesn't mean that it was a scam. Also, it's likely that some of the funds were used to cover wages and staff costs or running costs – which are legitimate expenses.
- Mrs A has referred to S's previous involvement in a land banking scam. However, there isn't any evidence that links S's previous activity to C, who Mrs A made the payments to. The video which appears to show D saying S set out with the intention to defraud Mrs A, isn't supported by evidence. Also, it purely refers to S, not C, and as an informal mediation service, we're unable to test witness testimony in the way a court would.
- It's also worth noting that when Mrs A terminated the contract, she prevented C from completing the work and honouring the contract. I appreciate that Mrs A had concerns about the quality of the work and what S was telling her in relation to the costs that were incurred, but Mrs A prevented C from being able to finish the work.

Having carefully considered the evidence, I'm not satisfied that Mrs A has shown C took her funds with a different purpose in mind, or with no intention of doing the work. So, I'm not satisfied that Mrs A's payments meet the definition of an APP scam, which means they aren't covered by the CRM Code.

Is there any other reason I could hold Barclays liable for Mrs A's loss?

There is an expectation for Barclays to be on the lookout for, and to protect its customers from, potentially falling victim to fraud or scams. This includes monitoring accounts and identifying suspicious activity that appears out of character. Where potential fraud is

identified, I would expect Barclays to intervene and attempt to prevent losses for the customer.

Barclays also has a duty to exercise reasonable skill and care, pay due regard to the interest of its customers and to follow good industry practice to keep customers' accounts safe.

Barclays say they intervened when Mrs A tried to make her first payment to C and discussed the payment with her. Mrs A told them that the money was being used for a "kitchen and installation" at her property. Barclays don't have the call recording, but they have supplied their contact notes. Barclays say they didn't intervene on any of the following payments as they were made to the same payee.

Even if I was satisfied that Barclays should've intervened on any of the other payments that Mrs A made, or that their intervention on the first payment wasn't sufficient, I'm not satisfied that they could've prevented Mrs A's loss.

I say this because S had built a friendship with her husband, so Mrs A trusted him at the time she made the payments. Also, the quote they received from C, was in line with another quote they had received for the same job. And Mrs A and her husband say they spoke to a previous client of D's and were provided with pictures of work he's completed. Also, based on the online messages between Mrs A, S and D. Mrs A was still happy with the progress and the work completed on 23 August 2022. I can see that she had some concerns about the insurance, but there doesn't appear to be any serious concerns.

So, I'm not satisfied that there is any information that Mrs A would've shared with Barclays that meant they could reasonably have refused to make the payments or would've prevented Mrs A's loss.

I'm really sorry to disappoint Mrs A but I'm not satisfied that I can fairly hold Barclays liable for her loss.

My final decision

My final decision is that I don't uphold this complaint against Barclays Bank UK PLC.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs A to accept or reject my decision before 16 February 2026.

Lisa Lowe
Ombudsman