

The complaint

Mrs R is unhappy Barclays Bank UK PLC ('Barclays') hasn't refunded her the money she lost after falling victim to an investment scam.

Mrs R, in bringing her complaint, has used a representative. For ease of reading within this decision, I'll refer to all submissions as being made by Mrs R directly.

What happened

The background to this complaint is well known to both parties and has been laid out in detail by our Investigator in their view, so I won't repeat it all in detail here. But in summary, I understand it to be as follows.

Mrs R came across an individual, whom I'll call 'T', on a well-known social media platform. T supposedly was an investor, specialising in cryptocurrency and he claimed to be a representative of a larger organisation. Sadly, it wasn't genuine contact and T was a scammer. He persuaded Mrs R to invest, advising that if she invested £150, she could expect to receive around £3,000. Mrs R says T explained that she should keep her money invested enabling it to increase in value. T also deceived Mrs R into using her account(s) at Barclays to receive payments from other individuals who had also fallen victim to the scam and to also send those payments on to other individuals through various payment service providers ('PSPs'). Mrs R says she believed the incoming credits represented returns or internal reallocations linked to her own invested money and was part of the normal operation of the investment she had joined.

Between December 2022 and July 2023 Mrs R made a number of faster payments and card payments to a number of individuals at the request of the scammers.

In March 2023, the Barclays account Mrs R had been using was closed down, by Barclays, with immediate effect, but the scammers reassured Mrs R that account closures can occur due to routine compliance or monitoring reviews. As a result, Mrs R continued making payments from her other Barclays account from May to July 2023. Barclays then also closed that account and she eventually realised it was a scam when her and her husband had a re-mortgage application withdrawn.

Mrs R referred the matter to our service. Ultimately, Barclays considered it had closed Mrs R's accounts in accordance with its procedures and the terms and conditions of the accounts, and it also declined reimbursing Mrs R for the payments she had made.

One of our Investigator's considered the complaint and didn't uphold it.

For the faster payments Mrs R made to other individuals, the Investigator considered the Contingent Reimbursement Model ('CRM') Code applied. But they thought that under the CRM Code an exception to reimbursement applied, namely that Mrs R had acted without a reasonable basis for belief when making the payments. They considered there were red flags present in that the returns being promised, were too good to be true, Mrs R was making payments to lots of individuals rather than to a business or investment company and

Mrs R hadn't carried out any research or checks to verify T or the investment company. So, they considered these factors should have given Mrs R cause for concern that all wasn't as it seemed. They also thought, given the value of the payments, that Barclays wasn't required to display an effective warning as part of the payment process. So, our Investigator agreed Barclays had acted fairly and reasonably in choosing to decline reimbursement under the CRM Code.

For the other card payments Mrs R had made to various PSPs, as part of moving the money on, the Investigator didn't think Barclays missed an opportunity to identify that the payments were being made in relation to a scam or that Mrs R was potentially at risk of financial harm from fraud. This was because they didn't consider the value of the payments represented such a risk, nor was there a concerning pattern such as multiple payments in quick succession and the payments were also spread out over the course of several months and were being made through various PSPs. The Investigator also didn't think there was anything Barclays could have done to recover the funds, such as a 'chargeback', as the merchants were genuine merchants who had carried out the services required.

The Investigator also considered that Barclays could, in line with the terms and conditions of the account, choose to end a relationship with a consumer.

And finally, when reviewing the complaint, the Investigator thought Barclays level of service was poor in terms of its communication with Mrs R, and they advised Barclays of this. Barclays agreed and offered £200, which our Investigator thought was a fair amount.

Barclays accepted the Investigator's overall findings, but Mrs R disagreed. Mrs R considers Barclays ought to have done more to prevent her loss and considers she should be reimbursed in full.

As the complaint hasn't been resolved, it's been passed to me for a 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'm very aware that I've summarised this complaint briefly, in less detail than has been provided, and in my own words. No discourtesy is intended by this. Instead, I've focussed on what I think is the heart of the matter here which is whether Barclays ought to have reimbursed Mrs R for the faster payments she made under the CRM Code and whether it could have prevented Mrs R's loss or recovered any of her funds. 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 think is the right outcome. Our rules allow me to do this. This simply reflects the informal nature of our service as a free alternative to the courts.

I'm sorry to disappoint Mrs R but I'm not upholding her complaint. In the circumstances of this complaint, I don't believe Barclays are required to reimburse her. I'll explain why.

First, the Investigator listed all the payments Mrs R made as part of the scam. I am mindful that Mrs R made payments to the scam that were from her own funds, but she also received other victims' money which she also moved on at the request of the scammer. So, the list of payments Mrs R made, that the Investigator set out, doesn't in fact mean that is Mrs R's total loss. In essence Mrs R's loss hasn't been fully crystallised. However, I don't need to know what Mrs R's exact loss is and it doesn't prevent me from reaching what I consider is the fair

and reasonable outcome in this complaint. This is because I don't think Mrs R is due any reimbursement for *her* loss, whether under the CRM Code or otherwise.

There's no dispute that Mrs R authorised the payments that are the subject of this complaint, even though she did so as a result of being deceived by a fraudster. Broadly speaking, under the account terms and conditions and the Payment Service Regulations 2017, she would normally be liable for them. But that isn't the end of the story.

The Faster Payments Mrs R made as part of the scam

Where a customer has been the victim of an authorised push payment ('APP') scam it may be appropriate for the bank to reimburse the customer, even though the faster payments have been properly authorised. Of particular relevance to the question of what is fair and reasonable in this case is the CRM Code.

The CRM Code requires Firms to reimburse customers who have been the victims of APP scams like this, in all but a limited number of circumstances and it is for Barclays to establish that one or more of the listed exceptions set out in the CRM Code applies.

Under the CRM Code, a Sending Firm (in this case Barclays) may choose not to reimburse a customer if it can establish that*:

- ...The customer made payment without having a reasonable basis for believing that:
 - the payee was the person the Customer was expecting to pay;
 - the payment was for genuine goods or services; and/or
 - the person or business with whom they transacted was legitimate.
- The customer ignored what the CRM Code refers to as an "Effective Warning" by failing to take appropriate action in response to such an effective warning.

**Further exceptions outlined in the CRM Code do not apply to this case.*

In this case, I'm persuaded one of the listed exceptions to reimbursement under the provisions of the CRM Code applies.

Taking into account all of the circumstances of this case, including the characteristics and complexity of the scam, I don't think Mrs R had a reasonable basis for believing the faster payments she made were for genuine goods or services; and/or the person or business with whom they transacted was legitimate.

In order to determine whether this exception to reimbursement applies, I must ask if she made the faster payments she did whilst having a reasonable basis for belief that all was genuine. Having carefully reviewed everything I'm afraid I don't find that's the case. I'll explain why.

In doing so, I have to bear in mind what was being asked of Mrs R, in terms of being advised to invest and also, what was promised to her in regard to the investment.

Overall, having looked at the evidence and testimony provided by both parties, I consider there to have been enough warning signs that ought to have caused Mrs R concern that she was being scammed, which she does not appear to have reasonably acknowledged or acted upon.

It seems to me that Mrs R took what she was being told at face value. Mrs R was told by T that if she invested £150 it would turn into £3,000 and this would seemingly be achieved in a very short space of time. These returns are simply too good to be true. And I can't see that Mrs R questioned how such high levels of returns could be guaranteed or realised and within such a short time frame also. Mrs R also doesn't appear to have carried out any checks. Mrs R was also asked to receive payments from other individuals and to then in turn send them on to other individuals – which to my mind is questionable and ought to have given her pause for thought. I say this because I think it is reasonable to suggest that if making a payment it would go to a legitimate investment firm or trading platform – so Mrs R would be making payments either to an account in a firm's name or to an account in her own name if a legitimate trading platform. And when receiving any returns you would also expect the same, that it was coming from an investment firm. Mrs R also doesn't appear to have been provided with any paperwork setting out the terms or agreement of the investment.

As a result, I'm satisfied Mrs R should've had reasonable cause for concern that things might not be as they seem at the time she made the faster payments from Barclays. But it doesn't appear that she made adequate enquiries into the legitimacy of things or what she was being told. I might understand how in isolation any one of these things may not have prevented Mrs R from proceeding. But when taken collectively I think there were sufficient red flags here that reasonably ought to have led Mrs R to have acted far more cautiously than she did.

So, I think Barclays can fairly rely on one of the exceptions to reimbursement – that Mrs R made the faster payments without a reasonable basis for believing that the payments were for genuine goods or services and/or the person or business with whom she transacted with was legitimate.

Good industry practice requires that regulated firms such as Barclays engage in the monitoring of customer accounts and to be on the lookout for suspicious or out of character transactions with an aim of preventing fraud and protecting customers from financial harm. And under the CRM Code, where it identified a risk of a customer falling victim to an APP scam, it was required to provide that customer with an 'effective warning'.

We now know, with the benefit of hindsight, that Mrs R was falling victim to a scam. But based on the information that was available to it at the time, I don't consider Barclays would've had any reasonable basis for coming to that conclusion. I say this because the payments wouldn't have appeared out of character or unusual. The payments weren't particularly large or remarkable. So, I don't think the CRM Code required that Barclays display an effective warning as part of the payment process, and I'm not persuaded it would've had any grounds for intervening to question the payments further with Mrs R before allowing them to be processed.

Recovery of funds for the faster payments

I have also considered whether Barclays did all it could to try and recover the money Mrs R lost. Sadly, it is common for fraudsters to withdraw or move the money on as quickly as possible. So, for the best chance of recovery, the scam needs to be reported within hours. Given the payments had been sent some time before being reported, it was sadly always likely the case that the funds had been moved on with there being no prospect of recovery.

The card payments Mrs R made as part of the scam

As card payments, which are *pull* payments, aren't one of the transaction types covered by the CRM Code, it means the CRM Code isn't an applicable consideration in this case.

Despite the CRM Code not applying to the card payments Mrs R made, there are times – as I explained earlier – when I might expect a bank to question a transaction or payment, even though it may have been properly authorised. And that is to protect its customers from the possible risk of financial harm as a result of fraud and scams.

So, should Barclays have done anything else to prevent the scam – for both the faster payments and card payments?

With this in mind, I've considered whether *all* the payments Mrs R made were ones Barclays should have had particular concern about. In doing so, I'm mindful that payment service providers, such as Barclays, process a high volume of transfers and transactions each day. And a balance has to be struck as to when it should possibly intervene on a payment against not holding up or delaying its customer's requests.

Mrs R did make quite a lot of card payments as part of the scam, but the amounts of the payments were typically low in value. The highest individual amount Mrs R paid by card was around £300. And in regard to the frequency of payments, the highest number of card payments Mrs R made in one day as part of the scam, was on 15 May 2023, where she made four card payments totalling £728. Mrs R also made two faster payments on that day to an individual payee totalling £604. But I am mindful that by this point – it was several months into the scam and Mrs R had by this time history of making two or more card payments on a given day – so it wasn't so out of character. And when considering the overall amount (including the faster payments) and number of payments made on that day, I don't think Barclays ought to have been on notice that Mrs R was at risk of financial harm from fraud or that she was making the payments as part of a scam.

So, I can't fairly say that the amounts in and of themselves nor the frequency or pattern would have necessarily stood out to Barclays as an indication that Mrs R might have been at risk from financial harm and not to an extent whereby I think Barclays would have needed to carry out additional checks or provide human intervention.

Overall, and all things considered; I don't think it was unreasonable that the payments (both card payments and faster payments) didn't flag as suspicious – and I can't say Barclays acted unfairly by not carrying out any additional checks. So, I'm not satisfied Barclays could reasonably have prevented her loss.

I am mindful that Barclays closed one of Mrs R's accounts in March 2023 – due to the account receiving incoming credits from other victims. I asked our Investigator to reach out and ask Mrs R what she thought about the account closure and why she continued to make payments from her other account. I was mindful that Mrs R no longer held copies of her correspondence with the scammer – so I hadn't had sight of the communication Mrs R had with the scammer or what the scammer had been advising her at the time. Mrs R (through her representative) responded with the following:

Q. Explanation given by Barclays when the account was closed

Mrs R was not provided with a clear or meaningful explanation for the account closure. She was informed that the account had been closed following internal review, without any detailed warning, guidance, or confirmation that she may be the victim of a scam.

Q. Why payments continued from another account after closure.

At the time of the account closure, Mrs R did not understand that she was the victim of fraud. She believed the closure was an internal banking or compliance issue rather

than an indication of a scam, particularly as no clear explanation or scam warning was provided. She was reassured by those she believed to be legitimate investment representatives that alternative payment methods were normal and necessary to safeguard her investment.

Q. Whether the account closure was discussed with the scammer.

Yes. Mrs R was told that account closures can occur due to routine compliance or monitoring reviews and that using alternative accounts or payment methods was a temporary solution. These explanations further reassured her at the time.

Q. Whether the account closure caused her to reconsider that this might be a scam.

Not immediately. Mrs R lacked financial expertise and had been reassured repeatedly as to the legitimacy of the investment. Serious concerns only arose later, when payments stopped and communication ceased entirely.

I appreciate Barclays closed Mrs R's account – but it is entitled to do so under the account terms and conditions. When Mrs R's account received other victims' funds, and those victims reported the matter – which led to Barclays receiving notification that one of its accounts had potentially received fraudulent funds, Barclays did reach out to Mrs R. Initially it lifted some blocks that had been placed on the account in early January 2023 after providing some scam advice. However, Mrs R continued to make payments. And after Barclays received further reports in February 2023, it had concerns about the activity and contacted Mrs R in February 2023 about the payments she had received, with Mrs R advising that the payments into the account were the result of:

“...a collection due to a community person dying unexpectedly. The funds were to send to the deceased family to help them during this hard time and collection for the funeral...”

So, despite Mrs R being questioned about those incoming credits, she provided inaccurate reasons as to the source of funds. Barclays wasn't satisfied with the responses and considered there was a risk and issued a notice to close the account with immediate effect.

I appreciate Mrs R then reached out to Barclays by letter on 24 March 2023, as it wasn't likely able to discuss the reasons for the account closure with Mrs R over the phone. And I appreciate that Mrs R, within the letter, stated she was worried that she may be the victim of a scam. When looking at Barclays 'customer notepad' which records communications with consumers, it seems as though the letter wasn't received. So, I can understand Mrs R's frustrations as Barclays weren't able to discuss the closure with her nor was there any follow up contact after she had written a letter.

But I don't think any failings here meant Barclays could have prevented Mrs R from continuing to make payments. I have to bear in mind that Mrs R had been warned about scams when her account was blocked in January 2023, but she continued to make payments. Mrs R then provided inaccurate reasons as to the source of the incoming credits and as a result the account had been closed with immediate effect. This ought to have caused her serious concern.

It seems to me Mrs R was being heavily coached and coerced by the scammers as to what to say in relation to the concerns Barclays raised. And the scammers also provided explanations to Mrs R which she says reassured her that the closure was routine and wasn't necessarily a problem. Mrs R then continued to make payments.

I acknowledge that Barclays shut the account that had received the incoming credits (from other victims), but didn't close all of Mrs R's accounts. But I find even had it taken this step at that time, given Mrs R had not heeded any scam education previously and that she was continuing to liaise with the scammer and in turn provided inaccurate information to Barclays when questioned, then it is more likely than not that Mrs R wouldn't have heeded any warning and would have likely made payments from another of her banking providers such as her belief in things. Mrs R appears to have been under the spell of the scammers and had followed their instructions every step of the way over the course of many months. So, I can't fairly say that Barclays ought to be held liable when I'm not satisfied it would have been able to prevent the loss.

Recovery of the funds for the card payments

Due to the nature of this type of scam, with Mrs R making card payments to genuine merchants (PSPs) who carried out the services, it unfortunately meant there wasn't anything further Barclays could do to help Mrs R recover her funds such as through a 'chargeback', as there was no prospect of success. This is because the 'chargeback' would be against the merchants – and here the merchants had legitimately carried out the services. So, the merchants would have reasonably defended any chargeback raised against them.

Distress and Inconvenience

Our Investigator thought the service Mrs R received when trying to log the complaint was poor. Mrs R provided evidence that she had sent a letter to Barclays Leicester, through recorded delivery on 2 December 2024, which Barclays said it hadn't received. As a result, there was delays and I agree things could have been better. But Barclays have accepted that and offered £200. I agree this is a fair amount, as I'm mindful that Mrs R referred her complaint to our service on 30 January 2025, after not hearing from Barclays.

Summary

I don't intend any comments or findings I've made in this decision to downplay or diminish the impact this scam has had on Mrs R. But I can only compel Barclays to refund Mrs R if I find it is liable to reimburse her under the CRM Code for the faster payments or is otherwise responsible for the loss incurred for all the payments. For the reasons explained, having carefully considered the circumstances of this complaint, I can see no basis on which I can fairly say that Barclays should be held liable for the loss Mrs R has sadly suffered.

Putting things right

- Barclays, if it hasn't done so already, should pay £200 compensation for the level of service Mrs R received.

My final decision

For the above reasons, I uphold this complaint, in part.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs R to accept or reject my decision before 6 March 2026.

Matthew Horner
Ombudsman