

## **The complaint**

Ms T complains that Barclays Bank UK PLC did not refund a payment of £3,600 that she says she lost to a scam.

## **What happened**

Ms T had previously been in a relationship with an individual who I'll call 'X'. While they were together, X had taken over £20,000 from her. She tried to recover this herself but eventually looked online for someone that could help her. She came across a debt collection company I'll call 'N' who she hired to help her. She understood that they would carry out face to face visits with X as well as his neighbours and colleagues.

Ms T transferred £3,600 to N up front, to cover their costs, and was told N would take 10% from whatever they were able to recover from X. Following this, Ms T felt N did not carry out their duties as she expected. She did not think they had carried out any face-to-face visits and they did not give her meaningful updates on what was happening. When they were able to recover £1,000 from X, they told her there was a 60-day waiting period for those funds to be transferred to her which she was not aware of initially. Overall, she felt they had coerced her into paying them for a service they did not provide and that she had been the victim of a scam.

Ms T raised a scam claim with Barclays to try and recover the £3,600. However, after reviewing the payment, Ms T's testimony and the beneficiary bank account, they did not agree that this amounted to a scam as set out in the Lending Standards Board's Contingent Reimbursement Model ("CRM") Code, so they did not agree to refund the £3,600.

Ms T referred the complaint to our service and our Investigator looked into it. In summary, they agreed that this did not meet the definition of a scam as set out by the code. They felt that N was a legitimate company which had provided some form of service to Ms T, and they pointed out that Ms T had made further payments to N after she raised a scam claim to Barclays.

Ms T disagreed with the outcome as she did not think N had provided a service, and that the £1,000 they had recovered came only as a result of her chasing them. She also explained that the further payment of £240 that she made following the scam complaint was as a result of N demanding 10% of what she had recovered from X herself.

As an informal agreement could not be reached, the complaint has 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.

It isn't in dispute that Ms T authorised the payment of £3,600. Because of this the starting position – in line with the Payment Services Regulations 2017 – is that she's liable for the

transaction. But she says that she has been the victim of an authorised push payment (APP) scam.

Barclays has signed up to the voluntary CRM Code, which provides additional protection to scam victims. Under the CRM Code, the starting principle is that a firm should reimburse a customer who is the victim of an APP scam (except in limited circumstances). But the CRM Code only applies if the definition of an APP scam, as set out in it, is met. I have set this definition out below:

*...a transfer of funds executed across Faster Payments...where:*

*(i) The Customer intended to transfer funds to another person, but was instead deceived into transferring the funds to a different person; or*

*(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 also explicit that it doesn't apply to private civil disputes. The wording in the code is as follows:

*"This Code does not apply to:*

*b) private civil disputes, such as 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."*

I've therefore considered whether the payment Ms T made to N falls under the scope of an APP scam as set out above. Having done so, I don't agree that it does. I'll explain why in more detail.

Going through the definition of a scam as set out in the code, I've considered the first point. I'm satisfied that Ms T made the payment to the individual she was expecting to pay, in this case N, so the first point does not apply to Ms T's circumstances. I've gone on to consider the second point and whether N took Ms T's funds with the intention to defraud her. Having done so I don't agree that they have.

The evidence that Ms T has provided shows N did engage with her, and I can see from her statements that they did recover some of the funds and forward these on to her. While I do appreciate Ms T has said this only happened because she chased them, I should point out that, typically speaking, a scammer would normally cut all contact and only send money to a victim if they thought there was the prospect of enticing more money out of them. From what I have seen, N did make attempts to carry out the service that had been asked of them though I understand Ms T does not agree with this.

This moves me on to the final point in the code which relates to civil disputes. Ms T has said that she does not think N provided the service she paid them for, which fits the description of a civil dispute. What's left to decide is if N could be described as a 'legitimate supplier'. I can see they have been registered on Companies House since 2016 and their filings seem to be up to date. They have hundreds of reviews online with a larger majority being positive which suggests a large number of satisfied customers. And Barclays contacted the beneficiary bank who provides N's bank account. Due to data protection issues, I can't go into detail about the beneficiary bank account, but I can confirm that they found no signs of it being operated fraudulently or being tied to a scam operation. So, on balance, I think they can be considered a 'legitimate supplier' in the circumstances.

With all of this in mind, I don't think the payment of £3,600 can be considered an APP scam as set out above and instead, this is a civil dispute between Ms T and N. So, I think Barclays acted reasonably when it did not consider Ms T's scam claim further and did not agree to refund her.

### **My final decision**

I do not uphold Ms T's complaint against Barclays Bank UK PLC.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms T to accept or reject my decision before 8 July 2024.

Rebecca Norris  
**Ombudsman**