

The complaint

Ms L complains that Barclays Bank UK PLC won't refund the money she lost after a carpenter failed to complete some work she had paid for, and about how Barclays investigated the issue.

What happened

In August 2022, Ms L was having some carpentry work done at her property. She'd been recommended a carpenter by a friend and the carpenter had completed some work for her, to a standard she was happy with. Ms L and the carpenter then agreed for the carpenter to do some further work for her, and Ms L made a payment of £810 from her Barclays account to the carpenter's account to pay for the necessary materials.

Unfortunately, there were then a number of delays to the work. Ms L chased the carpenter for some time in an effort to get them to start the work or deliver the materials to her so someone else could do the work. But, ultimately, the relationship between Ms L and the carpenter broke down, the carpenter stopped responding to her and the work was never done. Ms L then reported the payment she had made to Barclays and asked it to refund the money she had lost.

Barclays investigated, but said Ms L had authorised the payment. It also said the carpenter had successfully carried out previous work for Ms L, so it didn't think this was a scam and it didn't agree to refund the money she had lost. Ms L wasn't satisfied with Barclays' response, so referred a complaint to our service.

One of our investigators looked at the case. They didn't think Barclays had acted unreasonably in opening a scam claim in order to investigate whether Ms L was entitled to a refund of the money she had lost. And they also didn't think it was unreasonable for Barclays to have concluded that this was a civil dispute between Ms L and the carpenter, rather than a scam. So they didn't think Barclays should have to refund the money Ms L lost. Ms L disagreed with our investigator, so the complaint has been passed to me.

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.

Ms L has said that, when she first reported this to Barclays, she was just asking if the payment could be reversed but Barclays then encouraged her to make a scam claim – even though she didn't think it was a scam. But Ms L accepts she made the payment here and, in broad terms, the starting position in law is that banks are expected to make payments in line with their customers' instructions. So Barclays was obliged to follow her instructions and make the payment, and there isn't any way for this type of payment to be reversed. And so I don't think Barclays acted unreasonably in encouraging her to make a scam claim, as this was the most likely way she would be able to get her money back.

Where a customer made a payment as a consequence of the actions of a fraudster, it may sometimes be fair and reasonable for the bank to reimburse the customer even though they authorised the payment. And Barclays is a signatory of the Lending Standards Boards Contingent Reimbursement Model (the CRM code), which requires firms to reimburse customers who have been the victim of certain types of scams, in all but a limited number of circumstances. But customers are only covered by the code where they have been the victim of a scam.

The CRM code says that it doesn't apply to private civil disputes, such as where a customer has paid a legitimate supplier for goods or services but has not received them, they are defective in some way or the customer is otherwise dissatisfied with the supplier. So in order to determine whether Barclays should refund the money Ms L lost under the CRM code, I need to consider whether she has been the victim of a scam – or, in other words, whether the carpenter set out from the beginning with the intent to defraud her.

Ms L says she was recommended the carpenter by a friend, who the carpenter had completed work for previously. But I wouldn't expect a scammer to have been able to arrange this kind of introduction.

The carpenter had also recently successfully completed other work for Ms L, to a standard she was happy with. And Ms L had paid more for the work the carpenter had completed, than she paid for this work which wasn't completed. But I'd usually expect a scammer to do as little work as possible in order to get the maximum possible profit in the shortest period of time. So I don't think the carpenter doing the work in this way suggests they set out to scam Ms L or never intended to complete the work this payment was for.

Scammers usually target a number of people at once, in order to make as much money as possible before the scam is uncovered. But the carpenter's account has been open for a number of years and no other scam claims have been raised against the account.

So while I appreciate that the work Ms L paid for was not done, I don't think the evidence here suggests the carpenter set out from the beginning with the intent to scam her. Based on the evidence I've seen, I think it's more likely the carpenter was attempting to operate as a legitimate business at the time and that other factors ultimately meant the work wasn't completed. And so I don't think what happened here falls under the definition of a scam from the CRM code.

As I don't think the payment Ms L made to the carpenter is covered under the CRM code, I don't think Barclays is required to refund the money she lost on that basis. I also don't think there's any other way Barclays should have tried to reverse or recover the payment, or any other reason Barclays should have to refund the money Ms L lost.

Ms L has said Barclays failed to look at her case properly, as it didn't consider the copies of the messages she sent it between her and the carpenter. But, from the evidence I've seen of Barclays' investigation, I think it was reasonable for it to come to the conclusion it did based on the evidence it had. And, even if Barclays didn't consider the messages Ms L sent it, I don't think these would have changed Barclays' decision as I don't think the messages suggest the carpenter set out from the beginning with the intent to scam her. And I read and considered the messages before coming to my decision and, as I explained above, I don't think Barclays should have to refund the money Ms L lost.

I sympathise with the position Ms L has found herself in, and I'm in no way saying she did anything wrong or that she doesn't have a legitimate grievance against the carpenter. I also understand she has said she will find it difficult to pursue the carpenter directly. But I can

only look at Barclays' responsibilities and, for the reasons I've explained above, I don't think it would be fair to hold Barclays responsible for the money she lost.

My final decision

For the reasons set out above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms L to accept or reject my decision before 17 November 2023.

Alan Millward
Ombudsman