

The complaint

Mr B complains that Barclays Bank UK PLC ('Barclays') didn't refund the money he lost in a scam.

What happened

Mr B says he met someone I'll refer to in this decision as N on a social networking site. N's page showed he was making a lot of income online through drop shipping. Mr B messaged N who asked him about his goals and told Mr B he could mentor him and help him to make money online too.

Mr B says he initially agreed to pay £500, in instalments, for a six-week course about drop shipping. He was added to a messaging app group and sent a 24-page online 'money making secrets' guide. N also spoke to Mr B daily and provided him with advice about setting up a website and advertising. Later, N suggested meeting and Mr B says they met up around ten times. N charged Mr B fees for meeting him as a mentor (£1,000) but Mr B says that when they met, they only discussed drop shipping for brief periods and then went to clubs. Mr B says he also invested in N's business. He was told that if he promoted N's courses, he'd get a 15% cut but would need to pay N £3,000 to become an affiliate. This business didn't do well, and Mr B says that although N promised to return his money this didn't happen.

N stopped responding to Mr B's messages and later blocked contact with him. Mr B contacted Barclays at the end of August 2022 to say that he'd been scammed.

Below is a table which shows the payments Mr B made to N.

Date	Amount	Payment reason given
21/02/22	£200	New website
21/02/22	£50	Website
23/02/22	£250	Website
25/02/22	£297	Website
03/03/22	£597	Website
07/03/22	£997	Friend
10/03/22	£1,000	Friend
11/03/22	£500	Friend
15/03/22	£1,000	Friend
16/03/22	£500	Friend
18/03/22	£1,000	Friend
18/03/22	£1,000	Friend
19/03/22	£900	Brother

20/03/22	£1,000	A share
23/03/22	£750	Bvlgari
24/03/22	£250	Friday 25th
26/03/22	£150	Bottle
26/03/22	£1,000	Consultation
29/03/22	£1,000	Mentoring phase 2
30/03/22	£500	Mentoring phase 2
01/04/22	£1,000	Consultation
02/04/22	£800	New beginning
02/04/22	£200	New beginning
04/04/22	£897	Attack
05/04/22	£1,000	Final
12/04/22	£1,000	Phase 3
12/04/22	£350	Sunday
17/04/22	£650	Brother
17/04/22	£350	Coco
24/04/22	£1,000	Test
Total	£20,188	

Barclays said Mr B had a civil dispute with N and that the Lending Standards Board Contingent Reimbursement Model Code (CRM Code) doesn't apply to civil disputes.

Mr B was unhappy with Barclays' response and brought a complaint to our service.

Our investigation so far

The investigator who considered this complaint didn't recommend that it be upheld. She said Mr B has a civil dispute with N and the CRM Code doesn't apply to civil disputes. This was because Mr B paid for services, some of which he received, and there was no evidence that N intended to defraud Mr B.

Mr B didn't agree with the investigator's findings and asked 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.

Where evidence is unclear or in dispute, I reach my findings on the balance of probabilities – in other words on what I consider most likely to have happened based on the evidence available and the surrounding circumstances.

I'm sorry to hear that Mr B has lost money. 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 is quite explicit that it doesn't apply to all push payments. It says:

“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”.

So the CRM Code isn't a general protection for consumers. Instead, it only applies in very specific circumstances – where the customer has been the victim of a scam. In order for me to conclude that Mr B has been the victim of a scam, I'd have to be satisfied that N deliberately tricked Mr B into making payments for a service/services he had no intention of providing at the time he made his payments. I'm not persuaded I can say that is most likely what happened here and will explain why.

It's clear from the messages Mr B has shared that N did provide him with a service. Mr B was asked to set out his goals and said he wanted to make 'serious money'. N provided Mr B with a 24-page online money secrets document that was described as a “Secret Guide to Quitting Your Job and Becoming Free” on 21 February 2022. I'm satisfied from the messages I've seen that Mr B was happy with the information provided. He then had a call with N, after which he said he was definitely going to join, and a further call was arranged to discuss payment. After this Mr B had regular calls and online meetings with N and discussed with him creating a profile, getting more followers, setting up a channel, posting videos and advertising. Mr B also referred to placing orders, but I'm uncertain what for. Mr B then started to meet N from around 25 March 2022.

There were numerous audio messages between Mr B and N, as well as regular written messages. I only have access to the written messages, but here is no suggestion that Mr B didn't receive what he was expecting to. And it's clear Mr B met N on a number of occasions, which leads me to question why he would continue to pay substantial sums of money to meet N if he wasn't gaining much benefit from it, and to conclude that it's more likely than not Mr B received the service he paid for. I can also see that some of the payments to N relate to expenses on nights out they've had together. And the references for the payments also identify that Mr B was paying for specific services like a website, consultation and mentoring. If Mr B is now unhappy with what he received from N this is a civil matter that doesn't involve Barclays.

Mr B has said he invested in N's business, but the business didn't do well, and N agreed to give him the money back. There is no guarantee of making a profit when an investment of this nature is made though and the fact that Mr B didn't earn a profit doesn't mean he was scammed by N. Again, I think this aspect of the complaint relates to a civil dispute.

Mr B has questioned why Barclays tried to recover his funds if he wasn't the victim of a scam. When scams are reported banks have an obligation to try to recover funds as quickly as possible. So Barclays contacted the bank that received Mr B's funds before it completed its own investigation – when it concluded that Mr B wasn't the victim of a scam. The receiving bank said £0.07 remained in the account and when Barclays completed its investigation it said it would return this sum to the receiving bank. I think Barclays acted reasonably in reporting the matter to N's bank as soon as possible.

Overall, I consider Barclays acted fairly in concluding that Mr B has a civil dispute with N which is not covered by the CRM Code.

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 14 August 2023.

Jay Hadfield

Ombudsman