

## **The complaint**

Mr R complains that ClearBank Limited (trading as Tide) applied a chargeback to his business account which caused problems for his business. Mr R also complains that Tide didn't comply with a Subject Access Request (SAR) that he made.

## **What happened**

On 8 September 2021, a payment was made from Mr R's Tide business account to a car hire company, who I'll refer to as E. There weren't sufficient funds in the account for the payment, but it was still processed. This left Mr R with a negative balance as Tide doesn't offer overdrafts.

Mr R called Tide on 29 September 2021 to discuss repaying the negative balance and agreed a repayment plan. He said the payment had been requested by E in error and Tide told Mr R to speak with E directly about this. However, Tide initiated a chargeback on the payment without telling Mr R. The payment was returned to Mr R's account on 6 December 2021.

Mr R complained to Tide saying its actions meant that E would no longer allow him to hire a car. He says this meant he lost work he would've been paid for. Tide didn't uphold the complaint, so Mr R referred the complaint to us.

Once the complaint had been referred to us, Tide looked into things again. It said it should've explained to Mr R the chargeback process that's followed if the payment had been taken by mistake. That is, a chargeback is requested automatically if the effect of the payment being (incorrectly) made means an account going into a negative balance. Tide offered £150 compensation to Mr R, plus interest of 8% (£19.31) equal to the amount that left Mr R's account until the date it was recredited to his account.

One of our investigators looked into this complaint. She thought Tide's offer was fair, and explained this to Mr R. She didn't accept that the problems Mr R had experienced with E were as a result of Tide's actions. She was also satisfied Tide had complied with the SAR.

Mr R didn't accept this and asked for an ombudsman to look into his complaint. So it's been passed to me to consider and make 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.

Mr R originally told us that he had sufficient funds in his account to cover the transaction. However, I've been provided with statements of his account. Based on these, he didn't have enough funds in his account to cover the amount that E charged. Tide doesn't offer overdrafts. So, it would typically decline a transaction such as the one in question which would, if authorised, take a customer significantly into a negative balance. However, this was a "pre-authorised" transaction. This is used by certain businesses, including car hire

companies, to ensure amounts owed can be paid. So, I don't think Tide made a mistake authorising the transaction. It's possible though that E made a mistake by requesting the payment, but that's not Tide's fault.

I've listened to the call Mr R had with Tide when he tried to set up an arrangement to pay the negative balance on the account. He said at this point that E had taken the payment in error. As I've said, this wasn't an error by Tide, but I've heard Mr R ask whether there was anything that could be done to get the payment back. At this point, Mr R should've been told that a chargeback could be attempted, but Tide didn't do this. Instead, it told Mr R to take it up with E. So, Tide made a mistake here in the information it provided to Mr R. However, Tide automatically attempted a chargeback. And this led to the amount being credited back to Mr R's account in December 2021. Tide should've informed Mr R this would happen as well.

Mr R had originally told us in his complaint that this chargeback being made affected his ability to hire cars and led to him missing out on work. But, given that Mr R told Tide that the payment had been taken in error, I think it was right for it to attempt the chargeback, though it should've told him it was doing so.

Mr R has since told us the payment wasn't taken in error. If the payment hadn't been taken in error, then he owed the money to E. He didn't have enough in the account to make this payment. So, regardless of Tide's actions, he would've needed to find a way to pay the amount owing to E.

I've reviewed the evidence presented by Mr R, and having done so I'm not persuaded that it was the actions of Tide which prevented Mr R from being able to hire a car. I think it's most likely E wasn't willing to deal with Mr R for another reason. So, I'm not going to ask Tide to reimburse any loss of earnings as a result of this.

Tide has provided us with evidence that it has complied with Mr R's SAR. If he still has concerns with this, such as what it's provided, this is better dealt with by the Information Commissioner's Office.

In summary, I do think that Tide could've communicated with Mr R better, including explaining to him that a chargeback was an available option to him and was in fact being attempted. But I don't think it was responsible for Mr R being unable to hire a car or the fact that he lost work as a result of this. Overall, I think the £150 compensation it's offered for this as well as a refund of interest is fair and reasonable in the circumstances.

### **Putting things right**

ClearBank Limited should pay Mr R £150 plus £19.31 interest. I don't require it to take any further action.

### **My final decision**

I uphold this complaint and direct ClearBank Limited to put things right as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 13 October 2022.

Rob Deadman  
**Ombudsman**