

## **The complaint**

Mr B is unhappy that Tide Platform Ltd (trading as Tide) won't refund money he's lost as a result of a scam.

## **What happened**

Mr B needed a van for his business, and says he saw an advert for the kind of van he wanted on a well-known online marketplace. He contacted the seller, who sent him various photographs of the van. Mr B thought that the van was being sold for a reasonable price - £4,600 – and checked that the van was taxed and had a valid MOT. The seller also gave him their home address, which reassured him that everything was legitimate.

It was agreed that Mr B would pay the seller via PayPal and the van would be delivered to him. He was told that he could check the van on delivery and return it within 5 days to receive a full refund if he wasn't happy with it. The seller sent him a link to what appeared to be PayPal's website, and he was directed to make a faster payment to a bank account in a secure live chat. Mr B paid the £4,600 as agreed, from the business account he held with Tide.

When the van didn't arrive by the expected delivery date, Mr B tried to contact the seller. But when he was unable to make contact with them, he realised he had been the victim of a scam.

When Mr B reported the scam to Tide, it declined to reimburse him. It explained that it wasn't signed up to the Lending Standards Board's Contingent Reimbursement Model ('CRM Code') and so was under no obligation to refund the payment under that code. It also explained that it had paused the payment for checks, but that Mr B had bypassed that system and simply made the payment again. It also explained that it didn't think it would have made any difference if it had contacted Mr B directly before allowing the payment to go through, as Mr B believed he was legitimately purchasing a van. Tide did reach out to the beneficiary bank to try to recover Mr B's money, but no funds remained.

Mr B wasn't happy with Tide's position. He said it should have noticed that the transaction was unusual and made some basic enquiries about it before processing it.

One of our Investigators looked into what had happened, ultimately they felt that Tide could have done more to protect Mr B from this fraud. They noted that Tide had paused the payment when Mr B initially tried to make it, but hadn't acted on suspicious details regarding the payment – specifically that it was marked as being for 'PayPal Ltd' but was not being made to a PayPal account. The Investigator felt that if Tide had asked Mr B some questions about what was happening at this time then it likely would have been able to uncover the scam, and therefore prevent Mr B's loss.

However, the Investigator also felt that Mr B should bear some responsibility here. They noted that the price of the van appeared to be too good to be true, and so felt that Mr B should have done more to confirm it was a genuine purchase.

As a result, the Investigator recommended that Tide reimburse Mr B for 50% of his loss, plus 8% interest.

Mr B accepted the Investigator's findings, but Tide did not. It said that customers can name payments whatever they chose, and the fact the payment was named 'PayPal Ltd' wouldn't have been any cause for concern. It also noted that Mr B did not wait for any checks to be carried out on the paused payment, instead he just made the payment again, and this time it wasn't flagged as needing additional checks. Tide maintained that even if it had contacted Mr B directly then it would not have been able to uncover the scam.

As no agreement could be reached, this case has been passed to me to decide.

### **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.

Having done so I've reached the same conclusion as our investigator, and for the same reasons.

The starting position is that Mr B is responsible for transactions he's carried out himself (even as a result of deception). However, taking into account the law, regulators' rules and guidance, relevant codes of practice and what I consider to have been good industry practice at the time, I consider Tide should fairly and reasonably:

- Have been monitoring accounts and any payments made or received to counter various risks, including anti-money laundering, countering the financing of terrorism, and preventing fraud and scams.
- Have had systems in place to look out for unusual transactions or other signs that might indicate that its customers were at risk of fraud (among other things). This is particularly so given the increase in sophisticated fraud and scams in recent years, which payment service providers are generally more familiar with than the average customer.
- In some circumstances, irrespective of the payment channel used, have taken additional steps, or made additional checks, before processing a payment, or in some cases decline to make a payment altogether, to help protect customers from the possibility of financial harm from fraud.

I've looked at Mr B's account activity, and while the account had not been open for long, the payment of £4,600 was relatively high value and went to a new payee. And it's clear that something about the payment raised a red flag for Tide, as the payment was 'paused' for further checks and Tide carried out a manual review of the payment. It appears though, that on looking at the payment, Tide decided it was not suspicious, I don't agree that was a reasonable conclusion to reach.

The payment was to an account with a third-party payment institution, which I'll call S. It was not a payment to PayPal, but the payment was named 'PayPal Ltd'. Tide has said this discrepancy wouldn't have caused it any concern, as customers can name payments whatever they want. I wouldn't generally expect Tide to monitor payments for this kind of discrepancy in payee names. But in this case there was a manual review of the payment and, as a payment service provider, Tide has a responsibility to keep up to date with features of common scams. The diversion of payments intended for PayPal to third party accounts is frequently a feature of online purchase scams. So I think the discrepancy should

have been flagged as a potentially suspicious issue, and Tide should at least have asked some additional questions of Mr B before allowing the payment to go through.

And, had it done so, I think it would have quite quickly come to light that this was a scam. Tide ought to have had a good enough understanding of how vehicle scams work – including that fraudsters often purport to sell vehicles which don't exist or don't belong to them on online marketplaces, that they usually send enough information about a vehicle to reassure a customer without allowing them to inspect it in person, that they regularly use fake PayPal communications to get the buyer to make a payment to an account outside PayPal, and that they more often than not offer a money-back guarantee if a buyer is unhappy with a vehicle upon delivery – to have been able to identify the risk of harm from fraud if it had asked him some probing questions.

I appreciate that Tide needs to strike a balance in the extent to which it intervenes in payments, against the risk of unduly inconveniencing or delaying legitimate payment requests and I wouldn't have expected it to interrogate Mr B. I also acknowledge that the main perpetrator here is the fraudster. But overall, I think appropriate questions should reasonably have been asked in this case, and if they had been I think the scam would've been prevented and Mr B wouldn't have suffered a loss.

I do, however, agree with our Investigator's finding that Mr B ought to have recognised the potential that this purchase wasn't legitimate. The price he had agreed to pay for the van was so low that it could really be considered as too good to be true – approximately £10,000 less than the true value of the van he thought he was purchasing. So with this in mind, and considering that Mr B hadn't seen the vehicle in person before agreeing to buy it, I think it's fair and reasonable for Mr B to bear responsibility for 50% of the loss.

Lastly, I'm satisfied that Tide could not have done more to recover the funds. Once it had been told of the fraud it contacted the recipient bank, it's just unfortunate that the funds had already been moved on before Mr B identified that he had been scammed and made contact with Tide.

So, in summary, I consider that Tide could have done more to prevent this fraud, but find that Mr B should also bear some responsibility for the financial loss here. I therefore consider that Tide should refund 50% of the payment made.

### **Putting things right**

To resolve this complaint Cashplus should:

- Refund to Mr B 50% of the payment – representing a refund of £2,300
- Pay 8% interest on this amount from 31 January 2021 to the date of settlement.

### **My final decision**

I uphold this complaint. Tide Platform Ltd (trading as Tide) should put things right in the way I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 25 October 2023.

Sophie Mitchell

**Ombudsman**