

The complaint

C complains that ClearBank Limited won't reimburse him for payments he made to a scam.

What happened

The detailed background to this complaint is well known to both parties. So, I'll only provide a brief overview of some of the key events here.

On 28 May 2024 C received a message on a messaging service from a business he believed to be the DVLA. He was asked to pay his car tax, and he clicked on a link and entered his payment and other personal details. C subsequently realised his mistake as his car Tax wasn't due. He called ClearBank, cancelled his card and ordered a new one. On 30 May 2024 C received a call from a scammer claiming to be from ClearBank. They told him that his account had been compromised as a result of him entering those details. They said he needed to move money from his account into two safe accounts (A and B below) with another UK bank. C made the following payments.

Payment No.	Date	Time	Type of transaction	To Payee	Amount
1	30 May 2024	4.23pm	Faster payment	A	£5,280
2	30 May 2024	4.30pm	Faster payment	A	£21,550
3	30 May 2024	4.37pm	Faster payment	B	£5,280
4	30 May 2024	4.43pm	Faster payment	B	£7,000 (blocked)
5	30 May 2024	4.52pm	Faster payment	A	£2,550 (blocked)
				Total loss	£32,110

When the payments were completed, the scammer hung up and C realised he had been scammed. He complained to ClearBank and said they should have done more to protect him.

ClearBank didn't uphold C's complaint. They accepted that they should have intervened, stopped payment two and called C to ask questions about the transaction in case it was a scam. But they wouldn't refund any of the money C had paid to the scammers as they said he had been grossly negligent to ignore warnings they'd sent to him.

C referred his complaint to this Service and our investigator provided his opinion. He thought ClearBank ought to have intervened earlier and that they should have stopped the second payment. But it was his view that the parties should equally share responsibility for the loss as he thought some of C's actions contributed to the loss he experienced. He also thought that some of ClearBank's communication was unclear and that they had caused C some distress and inconvenience as a result. He suggested they should pay C £200 in compensation.

ClearBank didn't agree with the investigator, and they asked for a decision by an ombudsman.

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 carefully considered the evidence I've reached the same answer as the investigator and for broadly the same reasons. I'll explain why.

The Financial Ombudsman is designed to be a quick and informal alternative to the courts. Given that, my role as an ombudsman is not to address every single point that has been made. Instead, it is to decide what is fair and reasonable given the circumstances of this complaint. And for that reason, I am only going to refer to what I think are the most salient points. But I have read all of the submissions from both sides in full, and I keep in mind all of the points that have been made when I set out my decision.

Where the evidence is incomplete, inconclusive, or contradictory (as it is here), I have to make my decision on the balance of probabilities – that is, what I consider is more likely than not to have happened in the light of the available evidence and the wider surrounding circumstances.

I'm required to take into account the relevant, laws and regulations; regulators rules, guidance, and standards; codes of practice and, when appropriate, what I consider to have been good industry practice at the relevant time.

Broadly speaking, C is responsible for any payments made from his account which are properly authorised, as they were here. And ClearBank has a duty to process valid payment instructions quickly and with minimal friction. These positions are set out in the Payment Service Regulations (2017).

However, taking into account the relevant law, regulations, industry guidance, and best practice, firms like ClearBank ought fairly and reasonably to have systems in place to monitor transactions and accounts for signs that its customer might be at risk of financial harm through fraud. Where such risks are detected, there ought to be action from the bank to intervene through the giving of warnings and scam education. Any intervention should be proportionate to the risk presented by the circumstances of the payment.

Where there is a failure by a firm to properly intervene and protect a customer, it might then be fair and reasonable to say that the firm becomes responsible for the customer's loss. And so, in C's case, it's for me to determine if ClearBank made an error(s) over the course of the scam and, if so, whether it's fair and reasonable for it to be held responsible for C's losses as a result.

So, the starting point here is whether the instructions given by C to ClearBank (either individually or collectively) were unusual in relation to his typical account activity. So, I've reviewed the account statements around the time C made the payments in question. There had been payments of a similar size to payment 1 as recently as April 2024 and it wouldn't be unusual for consumers to make one off payments of that size. ClearBank provided some automated warnings at the time including a warning about potential scam payments and safe accounts. I think it did enough in the circumstances, and I don't think it would be reasonable to tell them to refund that first payment.

ClearBank have accepted they could have done more in relation to the second payment. It was a significant spike in payments, to a new payee and was made only minutes after payment 1 was made to the same account. They wouldn't have been able to call C because he was on the phone to the scammers, but they could have stopped the transaction until they were able to get in touch. And if ClearBank had done that I think it's likely that the scam would have been uncovered, and the payment wouldn't have been made. I say that because that's exactly what happened when ClearBank blocked payment 4 and I see no reason to believe C would have acted any differently.

So, I think ClearBank can, therefore, fairly be held responsible for the loss C incurred from the point he made payment 2.

I've thought about whether it's fair for C to share some responsibility for the loss. ClearBank say that he should bear all of the responsibility as his actions were grossly negligent. I do think C's actions contributed to the loss he experienced. He was aware that the DVLA message was a scam at the time and should have realised that the personal details he'd given up could have been used against him. He was presented with warnings that identified traits from the scam he was experiencing and if he'd paid heed to those he may have been able to avoid the losses incurred. But it's clear that this was a sophisticated scam, C was pressurised by the scammers who created a sense of panic. He clearly believed that his accounts had been compromised, and he was coached by the scammers to ignore warnings presented during the transactions. And as ClearBank accept they should have intervened it's clear they made mistakes here too that contributed to the loss. Overall, I think ClearBank and C should share the loss equally. ClearBank should refund half of the payments made from payment 2 (a total of £13,415) and they should add 8% simple interest per year to that refund as C has been deprived of the money. They can deduct the money that the receiving bank were able to recover (see below)

I've thought about whether ClearBank did enough to try to recover the funds. I would have expected them to have tried to recover them promptly when they were told about the scam. Their system records show that they tried to recover the money within about an hour, but the receiving bank were slow to respond and only £11.93 was returned to C, and not until August 2024. It wouldn't be fair to hold ClearBank responsible for delays from the receiving bank and I, therefore, think they did enough to try to recover the funds here.

The losses C incurred were as a result of a scam and it wouldn't be fair to hold ClearBank accountable for the actions of the scammer here. But I think ClearBank did cause C some distress and inconvenience. They protracted the resolution of the case by refusing to consider a refund until they'd heard from the receiving bank about recovery. I think that was unnecessary, especially as time moved on, as ClearBank would have known it was unlikely any funds remained. As a result, the correspondence they sent to their increasingly frustrated customer was unfocussed and somewhat unhelpful. In the circumstances I think they should pay C £200 in compensation.

My final decision

For the reasons I've given above, I uphold this complaint in part and tell ClearBank Limited to:

- Refund 50% of payments 2 and 3 less the £11.93 that was recovered (£13,403.07) and add 8% simple interest per year from the date of payments to the date of settlement.
- Pay C £200 compensation in respect of the distress and inconvenience caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask C to accept or reject my decision before 1 September 2025.

Phillip McMahon
Ombudsman