

The complaint

Miss F, as the director of a limited company “H”, complains that ClearBank Limited won’t refund transactions she didn’t authorise.

H has a business banking account with Tide. Tide’s bank accounts are provided by ClearBank, and so ClearBank is the respondent business here. For the most part, I’ve referred to it for actions of both businesses. But where necessary, I’ve referred to Tide specifically.

What happened

The full details of this complaint are well known to both parties, so I won’t repeat them again here. Instead, I’ll recap the key points and focus on giving my reasons for my decision:

- In October 2024, Miss F received a call from a ‘No Caller ID’ number from someone claiming to be from Tide. They told her there had been fraudulent activity on H’s account and it was at risk. Miss F checked her Tide app and noticed five card transactions for £10 each to a coffeehouse chain. Under the pretext of safeguarding the account, she followed the caller’s instructions and approved six card transactions – ranging between £3,150 to £3,400 – to a money remittance service over a period of 20 minutes. At the time, Miss F was led to believe that her funds were being moved to a new safe account. Unfortunately, this was a scam.
- ClearBank offered to refund all of the £10 card transactions in full and 50% of the last four transactions to the money remittance service. It said although the payments to the money remitter were approved by Miss F in her Tide app through stronger customer authentication (SCA), it considered it should have stopped and questioned her when the third transaction was approved. And had that happened, the scam would have been uncovered and further losses prevented. ClearBank said it would refund only half of the relevant transactions because Tide showed Miss F a warning during the approval screen which said not to approve or authorise payments if requested by Tide employees. So, it believed that Miss F contributed to her losses.
- Our investigator concluded that the card transactions to the coffeehouse chain were unauthorised, but the remaining transactions to the money remitter would be considered authorised under the applicable regulations. They also thought that Tide should have intervened when the third transaction to the remitter was authorised (they didn’t consider the first two transactions to be unusual), and this would have uncovered the scam. But the investigator didn’t think it would be fair to make a deduction from the amount ClearBank was liable for, given the circumstances of the scam were such that Miss F felt panicked given the sense of urgency in securing H’s account. So, they recommended a full refund of the first five transactions (to the coffeehouse chain) and the last four transactions (to the money remitter) along with interest.
- Miss F said she Tide should shoulder greater liability as transactions 6-11 wouldn’t have happened had it taken action following transactions 1-5. She also raised

concerns about its actions in relation to the chargeback requests and said the emotional harm caused by its mismanagement can't be overlooked.

- ClearBank said the in-app approval request for the card payments displayed the merchant's name and also warned her not to approve payments if requested by Tide employees. It also said Miss F would have seen such warnings several times prior to the scam, and that she was received Tide's fraud awareness emails regularly. ClearBank said it had no concerns with offering a refund of the transactions 1-5 but should only be liable for 50% of transactions 8-11.

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 agree with the conclusions reached by the investigator for the following reasons:

- The starting point for any complaint about unauthorised transactions is the Payment Services Regulations 2017 (PSRs). H isn't liable for payments Miss F (on H's behalf) didn't authorise, unless she failed with intent or gross negligence to comply with the terms of the account or keep the account security details safe. It's been accepted that Miss F didn't authorise transactions 1-5 and ClearBank has agreed to refund these in full.
- In relation to transactions 6-11, Miss F hasn't disputed the investigator's conclusion that these were authorised. For completeness, I've reviewed the terms and conditions applicable to H's account and card. While I accept Miss F approved the transactions as part of a scam, as she provided her consent to the execution of each of these transactions in accordance with the terms and conditions of the Tide card and account, they would be considered authorised.
- There are circumstances when it might be appropriate for payment service providers to take additional steps before executing a payment transaction. For instance, when there are grounds to suspect that the transaction presents a fraud risk. I've reviewed H's account statements and the payments made as part of the scam. I'm not persuaded that Tide ought to have found transactions 6 and 7 suspicious to the point that it ought to have made enquiries before executing them. By the time Miss F approved transaction 8, I consider a rapid increase in the spending activity (including the amounts) ought to have given Tide cause for concern that H might be at harm from financial risk due to fraud.
- ClearBank has already acknowledged that Tide should have questioned Miss F before processing transaction 8. It's also accepted that a suitable intervention would have unravelled the scam and limited H's losses. Therefore, what's left for me to consider is whether H should share any responsibility for what happened. Having carefully thought about this, I don't think Miss F's actions mean it should.
- On the whole, I can see how Miss F trusted the caller was from her genuine bank, given the personal information they knew and how they referred to recent fraudulent transactions on H's account. Miss F initially questioned the caller to verify they were genuinely calling from Tide, and they were able to convince her by sending her a verification text message that appeared to come from the bank. Unfortunately, the scammer had spoofed Tide's details. But Miss F didn't know this at the time. Given

their apparent legitimacy, I can see why, having seen the initial transactions debiting her account, in the heat of the moment, Miss F followed the scammer's instructions and ultimately took steps in her app, thinking H's funds were being secured.

- The investigator asked Miss F about Tide's warning during the approval screen about not approving payments if requested by its employees. But she didn't recall seeing the warning. It's of course possible to be critical of Miss F's actions with the benefit of hindsight. But, given the actions of the scammer in giving the impression the account was at risk from fraud, and in making it appear as though they were from Tide, I can understand why she followed their instructions in the belief this was necessary to protect H's account from fraud. Particularly given that she, like most people, wasn't an expert in fraud or cyber security. In the circumstances, I don't think Miss F was to blame. This means that I also don't think it would be fair to reduce the amount ClearBank needs to refund in recognition of the losses it could have prevented.
- Once these transactions were authorised by Miss F and processed by Tide, Tide would not have been able to stop the funds from leaving the account. I've considered whether Tide did enough to try and recover H's loss upon being made aware of the scam. As this was a pre-paid Mastercard, the relevant recovery method would be a chargeback. Here, the transactions were authorised via stronger customer authentication, i.e., the additional step Miss F took to approve them in the Tide app. It's unlikely a chargeback raised on grounds of the transaction being unauthorised would be successful when the cardholder has approved it this way. I can see this is what happened when Tide attempted a chargeback.
- I've also considered non-financial losses. The complainant in this case is a limited company. Although I recognise Miss F has suffered some distress in her personal capacity in relation to Tide's handling of the chargeback, I can only consider the impact this incident has had on H here. Based on the information available to me and keeping in mind that I'm awarding compensatory interest on the amount I'm telling ClearBank to refund, I don't consider additional compensation is warranted in the circumstances.

Putting things right

To put things right, ClearBank Limited needs to:

- refund H the unauthorised transactions (1-5) totalling £50,
- refund H the authorised transactions (8-11) totalling £12,900, and
- pay interest at 8% simple per year on the refunded amounts, calculated from the date of transaction to the date of settlement (less any tax lawfully deductible).

My final decision

For the reasons given, my final decision is that I uphold this complaint and direct ClearBank Limited to put things right for H as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss F on behalf of H to accept or reject my decision before 14 April 2025.

Gagandeep Singh
Ombudsman