

## **The complaint**

Mr H has complained that Tide Platform Ltd (“Tide”) failed to protect him from falling victim to a “safe account” scam and hasn’t refunded the money he lost.

## **What happened**

The background of this complaint is already known to both parties, so I won’t repeat all of it here. But I’ll summarise the key points and then focus on explaining the reason for my decision.

Mr H, on behalf of his business which I’ll refer to as “J”, has used a professional representative to refer his complaint to this service. For the purposes of my decision, I’ll refer mainly to Mr H and to J, but I’d like to reassure Mr H and his representative that I’ve considered everything both parties have said.

Mr H explains that on 14 May 2023 he received a call from a withheld number which he initially rejected but answered when it rang again as he thought it could be a client or supplier. The caller (referred to as “the scammer”) introduced herself as a representative from Tide’s fraud prevention team. Mr H says she sounded professional and convincing, which led him to believe the call was genuine. The scammer said she needed to some run security checks and asked for details such as Mr H’s mother’s maiden name and whether he used the Tide app on an iPhone or Android device. Mr H says this resembles a typical security process, so he gave the information and the call continued.

The scammer then asked Mr H whether he’d attempted to make payments to certain merchants, which he confirmed he hadn’t, and he was consequently told he needed to decline a popup notification in his Tide app to stop these fraudulent transactions from going through. He’s explained the scammer warned him that his mobile phone might’ve been compromised due to recent use of public WiFi and that other banking apps could also be at risk. Mr H says he was alarmed by this, particularly as he’d recently used a public WiFi network in an airport, so he followed the scammer’s instructions and declined the notification in his Tide app.

As the call progressed Mr H has described how the scammer used the opportunity to manipulate him into transferring money from another of his bank accounts into his Tide account by explaining his other accounts were also at risk; she reassured him that this would protect his funds as Tide was the safest place to keep his money. Mr H says the call lasted over an hour and he was put under considerable pressure by the scammer, which was exacerbated by the fact that he was at work and had other work commitments to attend to. He says the scammer created a strong sense of urgency, leaving him with little time to think about the situation.

Once the funds had been moved into his Tide account, a series of rapid payments were made using the account’s debit card to an international money transfer service. Mr H was required to authorise the payments in the Tide banking app, as part of the card network’s 3D Secure payment authorisation process.

The five transactions totalled £17,159.95 in one day, which Mr H says was highly unusual compared to his normal account activity. He says previous transactions on the account had typically been to UK-based businesses for work-related expenses.

The payments relevant to this scam are as follows:

	<b>Date</b>	<b>Amount</b>
1	15 May 2024	£4,751.99
2	15 May 2024	£4,501.99
3	15 May 2024	£1,951.99
4	15 May 2024	£4,751.99
5	15 May 2024	£1,201.99
	<b>Total</b>	<b>£17,159.95</b>

Mr H made a complaint to Tide on the basis that it should've identified that these transactions were out of character and intervened before the money was lost. He said if Tide had contacted him at the time and asked what the payments were for, he would've explained that he'd received a call from someone claiming to be from Tide's fraud team. Tide would then have recognised the scam and could've stopped the transactions.

Tide didn't uphold the complaint and in its response it explained that although it raised chargebacks for the transactions, it was told it didn't have chargeback rights due to the payments being made to a money transfer service, and that service had been provided. It also said that Mr H approved all of the scam-related payments within the Tide app, using MasterCard's 3D Secure system – which ought to have alarmed him if he hadn't in fact made the transactions.

Mr H remained unhappy so he referred the complaint to this service. He pointed out that he didn't authorise or consent to the payments in the way Tide suggested. Instead he explained that he was tricked into approving them, believing he was securing his account rather than sending money to fraudsters.

Our investigator considered everything and thought the complaint should be upheld. She explained she thought that Tide ought to have realised Mr H might've been at risk of harm from the point he made payment three, owing to the values of the payments and the pattern in which they were made. She thought Tide should refund 50% of payments three, four and five, plus interest. She explained she thought it was fair for responsibility of the losses to be shared between Tide and Mr H, given that Mr H didn't question why he had to make the payments to a third party, after receiving a cold call, in order to keep his money safe.

Tide accepted the investigator's opinion but Mr H didn't. In his response he raised the following points:

- The money transfer service was a new payee that Mr H hadn't used before;
- The second payment took the cumulative value of payments to over £9,000, which is considerably different from how Mr H normally uses his account;
- The money transfer service Mr H made the payments to is well-known to be associated with fraud and scams – so Tide should've taken this into account;
- The funds that were used to make the payments to the money transfer service were received in Mr H's account shortly before, which is a key indicator of a multistage fraud;
- Mr H received the call from the scammer at a stressful time and the characteristics of the scammer made the story believable;
- Mr H shouldn't be considered negligent as the scammer created a sense of urgency

and panic to convince him to act quickly without thinking first.

### **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 investigator's view so I'm not asking Tide to do anything more than the investigator did, broadly for the same reasons. I'll explain why.

In broad terms, the starting position is that a firm is expected to process payments and withdrawals that its customer authorises, in accordance with the Payment Services Regulations and the terms and conditions of the customer's account. And in this case it's not in question whether Mr H authorised these payments from leaving J's account. It's accepted by all parties that Mr H gave the instructions to Tide and Tide made the payments in line with those instructions, and in line with the terms and conditions of J's account.

But that doesn't always mean that the business should follow every instruction without asking further questions or intervening to ensure requests coming from their customers are firstly genuine, and secondly won't result in harm.

I've firstly considered at which point, if at all, Tide ought to have recognised that Mr H might've been at risk of financial harm. That's to say the point at which Tide would – or should – have known that the activity on Mr H's account displayed characteristics of fraud.

Having thought carefully about this I'm satisfied that it was reasonable for Tide to allow the first two payments to be made without intervening. Mr H had previously made more than one payment to the same payee on the same day using his debit card, so whilst I accept his point that these payments were out of character for him as they were made to merchant he hadn't paid before, all things considered, they weren't so unusual that Tide ought to have been immediately suspicious.

Although I recognise that by the time Mr H made the second payment, which was just a few minutes after the first payment, a pattern was emerging, I don't think it would've been proportionate for Tide to decline payment two based on the that alone. Banks need to balance their customers' ability to make payments promptly without unnecessary disruption, while also protecting them from fraud. In this case, I don't think it would've been reasonable to expect Tide to intervene at that stage as I don't think it's particularly uncommon for customers to make two payments to the same merchant on the same day, even in fairly rapid succession.

By the time the third payment was attempted, Tide should've recognised that Mr H might have been at risk of harm. At that point, a clear pattern had emerged – multiple payments in quick succession to the same payee, which was out of character for him. This was the stage at which it would have been reasonable for Tide to intervene, for example, by declining the payment and contacting Mr H to confirm whether he was making the transactions knowingly. Tide has accepted that it should have done more at this point, and I agree that this would have been a proportionate response in the circumstances.

I note Mr H's point that the funds used to make the scam payments had been credited to the account on the same day – shortly before the payments were made. Again, whilst I understand why Mr H has raised this, and in some instances, this is significant, this isn't particularly unusual for business accounts, and doesn't in itself suggest that something was wrong. Similarly, the fact that the payments were made to a money transfer service doesn't automatically indicate fraud. These services are often used for legitimate one-off

transactions or currency conversions, so the nature of the payments wouldn't necessarily have raised a red flag.

The payments were authorised using Mastercard's 3D Secure system, which is an additional security step designed to confirm the legitimacy of transactions. This involved Mr H being redirected to the Tide app where he needed to approve the payment. Tide has provided examples of the in-app screen that Mr H would've seen before the payments were authorised. This shows the debit card being used for the payment, the payment amount, and the merchant being paid. The bottom of the screen shows the option to "Approve payment" or "Reject payment", and Mr H would've been required to authorise his choice using his app's security code or using biometric data, such as his fingerprint or facial recognition.

So whilst I accept that Mr H was deceived about why he was making the payments, he was still presented with a final opportunity to review and reconsider them before proceeding.

Having considered everything, I've concluded that Tide ought to have done more to protect Mr H from financial harm at the point he made payment three. Whilst I accept Mr H may be disappointed that I haven't concluded Tide ought to have stepped in sooner than it did, I hope he can be reassured that as an independent person I've carefully considered everything he's said. And my findings reflect the balance Tide needed to strike between following his instructions and fulfilling its obligations to protect him from financial harm.

So the starting point is that Tide is responsible for refunding J's losses from payment three onwards.

#### *Is Mr H responsible for any of his losses?*

I've carefully considered whether Mr H should bear any responsibility for J's losses. I've taken into account the points he and his representative have made, including the fact that the scammer's story was highly convincing, that he was placed under significant pressure, and that he was already in a stressful situation when the call took place. But I'll explain why I'm satisfied it's fair for the responsibility to be shared.

Mr H received a cold call from someone claiming to be from Tide's fraud prevention team. Whilst I accept his recollection that the caller sounded credible, there were aspects of the scam that should've raised concerns. The scammer appeared to have knowledge of Mr H's personal and business accounts at another bank, but this wouldn't be the case if they were genuinely calling from Tide. A legitimate fraud team at one bank wouldn't have access to account details held at a completely separate financial institution. This should've prompted Mr H to question whether the call was genuine.

The scammer also instructed Mr H to approve five debit card payments in order to transfer J's funds to a third party company, with the promise that the money would be returned to his other bank account – not J's Tide account. The involvement of an unconnected third party isn't something it would be reasonable for a customer to expect their bank to ask them to do. Banks don't ask customers to move their money elsewhere as a way of 'protecting' it, and given some further thought, Mr H may've realised the request didn't make sense.

I recognise that the scammer created a strong sense of urgency and that Mr H wasn't given much time to think. This pressure was exacerbated by the fact that he was driving and already dealing with other work-related stresses, and in other circumstances I understand he might not have acted in the way he did. But that doesn't mean Tide should bear full responsibility for what happened. Whilst Tide ought to have done more at the point of the third payment, that doesn't change the fact that Mr H ultimately authorised the transactions himself and had the opportunity to question what was happening more than he did.

For these reasons, I don't think it would be fair to hold Tide responsible for more than its share of the liability. Tide should fairly compensate J for the part it played in allowing the scam to continue beyond payment two, but it's also fair for Mr H to take some responsibility for his actions.

With this in mind I'm satisfied that the investigator's recommendation – to refund half of payments three to five – appropriately reflect Tide's failings in this case.

### Recovery of the funds

Tide raised chargebacks for all five payments, but these were rejected because the payments were made to a money transfer service.

Once the funds were transferred, the merchant's service would have been considered fulfilled, meaning there were no grounds for Tide to recover the payments. Chargeback schemes are designed to dispute transactions where goods or services haven't been provided as expected, but in this case, the money transfer service had processed the payments as instructed.

As a result, Tide had no further recourse to reclaim the funds from the merchant.

### **Putting things right**

To put thing right Tide needs to:

- Refund J 50% of payments three to five and;
- Pay 8% simple interest on each amount, from the date each payment left the account until the date of settlement\*.

\*If Tide considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mr H how much it's taken off. It should also give Mr H a tax deduction certificate if he asks for one.

I'm sorry Mr H fell victim to this scam and I do understand that this resolution doesn't fully compensate J for the harm it caused. But I hope Mr H can take some comfort that I've carefully considered his points, and I consider the refund I've outlined a fair resolution to the complaint.

### **My final decision**

I uphold Mr H's complaint on behalf of J against Tide Platform Ltd.

Under the rules of the Financial Ombudsman Service, I'm required to ask J to accept or reject my decision before 23 April 2025.

Sam Wade  
**Ombudsman**