

## **The complaint**

A company, which I'll refer to as L, complains that ClearBank Limited has declined to reimburse payments which were made as part of a scam.

Mr H, a director of L, has brought the complaint on L's behalf. For ease of reference, I'll refer to Mr H throughout my decision.

Tide's bank accounts are provided by ClearBank, meaning ClearBank is the respondent business, but in the decision I'll refer to Tide for ease of reference.

## **What happened**

The background to this complaint is well known to both parties, so I won't repeat it in detail here. But in summary, I understand it to be as follows.

In early 2022, Mr H was introduced to an investment opportunity whereby his money would be used to fund the deposit, sourcing and refurbishment fees of properties which would later be rented to local councils or housing associations. The investment was with a company (further referred to as Company A) with Mr H's payments being made to an introducer (further referred to as Company B) who would then forward the funds on.

Satisfied with the information he'd seen, Mr H made payments totalling £30,500 between February and December 2022 towards the investment.

In 2024, Mr H received correspondence from Company B explaining that Company A was in fact a Ponzi scheme. Unable to recover his funds through either company, Mr H raised a complaint with Tide and requested they reimburse the loss.

Tide looked into the complaint but declined to reimburse Mr H on the basis that they couldn't have been expected to have prevented the payments at the time they were being made. Unhappy with this response, Mr H referred the complaint to our service via a professional representative.

An investigator looked into Mr H's complaint but did not uphold it. The investigator didn't believe that the company Mr H paid, Company B, had acted fraudulently. They also found that there wasn't enough information at the time of the payments which would've enabled Tide to prevent the loss.

Mr H disagreed with the investigator's findings on the basis that Tide failed in their duty of care by not carrying out any checks on the payments and that he wouldn't have proceeded with the payments had Tide provided a relevant warning.

As the complaint couldn't be resolved by the investigator it was passed to me for a decision. Following my review of the case, I advised Mr H's professional representative that I wasn't minded to uphold the complaint on the basis that I wasn't persuaded Tide could've prevented the loss at the time of the payments.

Mr H's representative provided further information and arguments including, but not limited to, the argument that Mr H wouldn't have proceeded with the payments had Tide highlighted the relevant unusual characteristics of the investment at the time of the payments.

I responded to Mr H's representative to advise that I didn't believe the characteristics they highlighted would've prevented Mr H from proceeding with the payments. I also went on to explain that as Mr H's company, L, operated in the industry this investment related to, I wasn't persuaded that any warning from Tide would've resulted in any additional checks being carried out by Mr H or that he wouldn't have proceeded with the payments.

As the complaint remained unresolved, I've gone on to issue my decision, as set out below.

### **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.

In keeping with our role as an informal dispute resolution service, I will focus here on the points I find to be material to the outcome of Mr H's complaint. This is not meant to be a discourtesy to Mr H and I want to assure him I have considered everything he has submitted carefully.

In deciding what's fair and reasonable in all the circumstances of a complaint, I'm required to take into account relevant: law and regulations; regulators' rules, guidance and standards; codes of practice; and, where appropriate, what I consider to be good industry practice at the time.

In broad terms, the starting position at law is that an electronic money institute (EMI) such as Tide is expected to process payments and withdrawals that a customer authorises it to make, in accordance with the Payment Services Regulations (in this case the 2017 regulations) and the terms and conditions of the customer's account.

Here it's not in dispute that the payments were authorised, so the starting position is that Tide isn't liable for the transactions.

There are, however, some situations where we believe that businesses, taking into account relevant rules, codes and best practice standards, shouldn't have taken their customer's authorisation instruction at 'face value' – or should have looked at the wider circumstances surrounding the transaction before making the payment.

Tide also has a duty to exercise reasonable skill and care, pay due regard to the interest of its customers and to follow good industry practice to keep customer's accounts safe. This includes identifying vulnerable consumers who may be particularly susceptible to scams and looking out for payments which might indicate the consumer is at risk of financial harm.

Taking these things into account, I need to decide whether Tide acted fairly and reasonably in its dealings with Mr H.

Though our investigator accepted that Company A were operating a scam, Mr H's representatives haven't provided sufficient evidence which demonstrates that Company B, and its director and associated parties, also acted fraudulently and set out to dishonestly deceive Mr H.

In any case, and for completeness, I've gone on to consider whether Tide should've, and could've, prevented Mr H's loss at the time of the payments.

Mr H representatives have argued that Tide ought to have provided a warning regarding the investment Mr H was entering prior to the release of the payments. Though I can't see that Tide discussed the payments made, I've considered whether any intervention could've prevented Mr H's loss.

Mr H has stated that a trusted party within the industry confirmed that about Company B's director was genuine. Mr H has also confirmed that he carried out checks online regarding both Company A and Company B and found no concerning information which led him to suspect that either company were acting fraudulently. The documentation Mr H has provided to this service relating to the investment also appears to be professional. This, then, suggests that Tide also wouldn't have been able to uncover any suspicious aspects of the investment at the time of the payments.

Mr H's representatives have argued that Tide ought to have identified that neither Company A nor Company B were authorised by the Financial Conduct Authority (FCA) and, had they highlighted this fact with Mr H, he wouldn't have proceeded with the investment.

It's been confirmed to our service that the typical business operation of Mr H's company, L, includes the purchasing of properties for letting, the renting of properties on long term contracts and renting out service accommodation. This suggests that L, Company A and Company B are all involved in a similar business sector. As that's the case, I believe it more likely that not that Mr H would've been aware that such companies, and investments, aren't required to be regulated by the FCA. I'm therefore not persuaded that a lack of FCA authorisation would've alerted Mr H or Tide to the possibility of him being at risk of fraud or financial harm.

The above also suggests that Mr H would've been aware of the risks involved with such investments. I'm therefore not persuaded any reference to the high-risk nature of the investment by Tide during any intervention would've resulted in Mr H not proceeding with the payments.

Though some of the payments were made to personal accounts, this doesn't necessarily, in and of itself, clearly demonstrate that the beneficiary was acting fraudulently. And, given that there were no other concerning features about the investment based on the information Mr H had available at the time of the payments, I'm not persuaded this aspect alone is enough to say that Tide ought to have identified a risk of fraud or financial harm.

I can see that Mr H was going through some very difficult personal circumstances at the time of the payments. But, I can't see that Tide had been made aware of any such vulnerabilities Mr H was experiencing in his personal capacity at the time of the transactions. I'm therefore unable to say that Tide has acted incorrectly by not taking any of Mr H's vulnerabilities into consideration at the time of the payments.

I also understand why Mr H feels as though he has been treated unfairly, given that other victims of the scam carried out by Company A have received reimbursement from their banks through the Contingent Reimbursement Model (CRM) Code. Though Tide aren't a signatory to the Code and, therefore, it doesn't apply in this case, I want to assure Mr H that I've considered all the relevant rules and regulations when reviewing this complaint. Unfortunately for Mr H, I don't believe that Tide have acted unfairly or incorrectly either at the time of the payments or in rejecting his claim for reimbursement.

Ultimately, I don't believe that Tide could've, or should've, identified that Mr H was at risk of fraud or financial harm and ought to have prevented the payments from being made at the time they were processed. I appreciate this will be disappointing to Mr H, given the impact

this situation has had on him, but I'm unable to say that Tide are liable to reimburse any losses.

### **My final decision**

My final decision is that I do not uphold this complaint against ClearBank Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask L to accept or reject my decision before 5 February 2026.

Billy Wyatt  
**Ombudsman**