

## **The complaint**

A complains ClearBank Limited unfairly closed its business account.

A which is a limited company is represented by a director – Mr B

## **What happened**

A held a Tide account which opened in June 2020. In early 2024 A's account received in various payments, and these were followed by fraud reports from the sending banks.

Tide reached out to Mr B about the account activity and asked for his proof of entitlement to the funds. Mr B provided some evidence, but Tide closed the account on 25 June 2024. Mr B raised a formal complaint about Tide's handling of A's account. Mr B explained that he had a business relationship with a third party called E. The agreement was for E to source properties, and A leases them to clients. Mr B claimed that E had failed to adhere to this agreement. A had transferred E £22,000 and the incoming payments were due to A as rental payments. Mr B said E had not allowed access to clients, and this is why there were fraud claims.

Tide reviewed Mr B's comments alongside the account activity and defended its decision to close the account. It also explained that it wouldn't consider compensating A for the money it says it lost to E. Tide did accept that it delayed in returning funds to A and compensated A for this.

Mr B remained unhappy and referred his complaint to this service. An Investigator gathered the relevant evidence, and in summary made the following findings:

- Tide acted reasonably in asking Mr B for evidence regarding the incoming funds into A's account.
- This appears to be a dispute between A and E – and Tide isn't liable for the £22,000 Mr B says was sent to E.
- Tide has a duty to review the fraud claims and close the account. The account terms and conditions allow it to do this.

Mr B didn't agree with the findings and maintained Tide has failed to look into matters properly. As no agreement could be reached, the complaint was referred to an ombudsman for a final decision.

## **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.

I appreciate Mr B was disappointed by the Investigator's opinion. I'd like to reassure Mr B that I've considered the whole file and what's he's said. But I'll concentrate my comments on what I think is relevant. If I don't mention any specific point, it's not because I failed to take it on board and think about it, but because I don't think I need to comment on it to reach what I

think is a fair and reasonable outcome. No discourtesy is intended by me in taking this approach – it simply reflects the information nature of our service, which is an alternative to the courts.

I'll start by setting out some context for the review of A's account. UK legislation places extensive obligations on regulated financial businesses. Financial institutions must establish the purpose and intended nature of transactions as well as the origin of funds, and there may be penalties if they don't. This applies to both new and existing relationships. These obligations override all other obligations. In A's case I'm satisfied Tide was complying with these obligations when it reviewed A's account.

In this case Tide's review was prompted by the multiple fraud reports it received regarding funds that entered A's account. Tide restricted A's account in order to conduct a review. A's account terms and conditions also allow Tide to block the account to ensure it's able to comply with its regulatory requirements. Based on the nature of the reports received, I'm satisfied Tide acted fairly by blocking A's account and had no obligation to tell A the basis of its concern or forewarn him of its intention to carry out such a review.

As part of its review Tide contacted Mr B and asked for further information regarding its business activities and source of funds within the account. In particular Tide asked about specific incoming payments and their purpose. At this stage Mr B explained the arrangement A had with E, and that he was in fact the victim of a scam as E had failed to provide a clear response about its duty to provide access to properties for A's clients. A key part of Mr B's complaint is that he provided information when requested and co-operated with the review, and Tide ought to assist him as he has been scammed by A. I can see Mr B engaged in the process somewhat – but I can see that Tide requested further details and evidence which Mr B didn't provide. Mr B believes Tide needed to assist him as he had been the victim here. But it is for Tide to determine the nature of the information and evidence it requires to ensure it is able to satisfy its legal and regulatory obligations.

I must also highlight that the evidence provided by Mr B to both Tide and this service doesn't entirely support his position. I can see there appears to have been an existing relationship between A and E, and I don't dispute that matters may not have gone to plan. Mr B has provided a contract that he says is between A and E, alongside some messages. But Mr B hasn't provided clear evidence to demonstrate A was entitled to the individual payments he received. Although some evidence has been provided about contact with A, Mr B hasn't provided evidence to show the incoming payments were legitimate.

I think it's also important to highlight that Mr B's testimony suggests that the fraud reports are accurate – these individuals had been victims of fraud as E has failed to provide the agreed property access. This means the funds entering A's account were illegitimate – regardless of the issues between A and E. Tide has therefore acted reasonably in investigating the reports and closing A's account, in line with the account terms and its legal duties.

I've also considered the service Tide provided to A. Although I agree that the account block and closure were fair, I find the level of service provided fell below reasonable standards. Tide accepts this and that there was a delay in releasing A's funds. Tide has offered interest on the account balance at 8% simple from the date the account was blocked to when the funds should've been released. It also offered £75 compensation. I must highlight that as this is a complaint brought by A – a limited company, my focus is the impact the issues had on it, not on Mr B in a personal capacity. Based on the timeline of events, I consider the steps taken by Tide to be fair and in line with our approach to compensation. So I don't find Tide's actions warrant further compensation.

I'm sorry this isn't the outcome Mr B hoped for, and I know he will be disappointed with the decision I've reached, but I hope it provides some clarity around why I won't be asking Tide to take any further action or compensate A.

**My final decision**

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask A to accept or reject my decision before 19 February 2026.

Chandni Green  
**Ombudsman**