

The complaint

Mr and Mrs L complain that ClearBank Limited (trading as Tide) didn't do enough to prevent the loss they suffered when they sent two payments to one of the bank's customer accounts because of an alleged scam.

Mr and Mrs L are represented throughout by R, but for ease I'll refer to Mr and Mrs L throughout.

What happened

The background to the complaint is known to both parties and so I won't repeat it at length here. Briefly, as I understand it:

In early 2022, Mr and Mrs L were made aware of an investment opportunity with a company called 'K'. Mr and Mrs L undertook their due diligence and were told by one of K's directors that they would receive a return of 40% on investments made for a twelve-month period. So, on 6 May 2022 they made a payment to K's account held with ClearBank for £100, followed by £20,000 on 9 May 2022, and a further £5,000 payment on 16 May 2022.

In July 2023, Mr and Mrs L heard that other investors were unable to obtain their funds from K. They contacted K and were told that K's accounts had been closed and because Mr and Mrs L had invested in GBP with K, but K had made investments into Cryptocurrency, that the funds couldn't be returned due to anti-money laundering issues. Mr and Mrs L repeatedly contacted K for the return of their funds, but they were not received and K stopped responding to their contact.

In April 2024, Mr and Mrs L identified that they'd likely been scammed as their funds weren't returned as requested. They complained to both their bank and ClearBank requesting the return of their funds. ClearBank didn't uphold the complaint. It said it hadn't been contacted about a scam until nearly two years after the date of the transactions, so no funds remained in K's account. It also said that it believed the sending bank should be held responsible for Mr and Mrs L's loss and it didn't think it could have prevented the scam, nor had it done anything wrong. Mr and Mrs L didn't think that was fair and complained to our service.

Our investigator recommended the complaint be upheld. He thought that Mr and Mrs L and ClearBank had both been responsible for the loss caused as a result of the fraud. He thought that the information about the investment was too good to be true and should have raised concerns with Mr and Mrs L, but he also thought that ClearBank should have had concerns about the recipient account and acted sooner, and so should the sending bank. So, he thought the fairest resolution was for all parties to take shared responsibility for the loss at 33.3% each, meaning that Mr and Mrs L would receive £16,666.67. He noted that the sending bank had already refunded Mr and Mrs L 50% of the payments they'd sent. So, he thought the amount Mr and Mrs L should be refunded by ClearBank was £4,166.67, plus annual interest at 8% simple on the recommended award, from the date it was notified about the scam to the date of settlement.

Mr and Mrs L accepted the Investigators opinion, but ClearBank didn't agree. ClearBank

said that when the customer account had been opened, it had been under a different name to K, and it wouldn't have been aware of the change of name as the company had done this. It also said it hadn't undertaken a review after the account had been opened as there hadn't been any concerns. So, it didn't think it had done anything wrong and asked for an ombudsman to review the complaint.

I issued a provisional decision on 25 July 2025. I said the following:

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'm sorry to disappoint Mr and Mrs L but I'm not intending to uphold the complaint, so I won't be asking ClearBank to refund Mr and Mrs L's loss as a result of the scam. For me to fairly uphold this complaint and direct ClearBank to pay redress, I'd need to be persuaded that any error's they might have made were causal to the loss suffered (or it's otherwise, fair, and reasonable that a payment should be made).

As an account provider, ClearBank has an obligation to be alert to various risks in relation to accounts with it. It is expected to conduct its business with due skill, care, and diligence, and must fairly and reasonably have been monitoring accounts and any payments made or received to counter various risks including anti-money laundering and preventing fraud and scams. ClearBank must also have systems in place to look out for unusual transactions or other signs that might indicate there is a risk of fraud.

Ultimately, it is a matter for ClearBank as to how it chooses to configure its fraud detection systems and strike a balance between allowing its customers to make business transactions and questioning these transactions to confirm they are legitimate. Here, it is alleged that ClearBank didn't do enough to prevent an authorised push payment scam which caused a loss to Mr and Mrs L. So, I need to decide based on the evidence from both parties, whether ClearBank could and should fairly have done more to prevent the loss.

ClearBank has provided information to our service to allow us to investigate Mr and Mrs L's complaint, but I'm limited on the information that I can directly share because it relates to a different third-party's account. But I'd like to assure Mr and Mrs L that I've carefully reviewed everything when reaching my decision. I recognise that Mr and Mrs L feel ClearBank should take responsibility for their loss as it opened the account, which was used by the scammer, but given the circumstances of this complaint, I don't agree.

ClearBank are required to verify the identity of their account holders, and it has told us it is satisfied it did this. It has also said that there was nothing provided by its customer at the time of opening the account that reasonably could have put it on notice that the account was going to be used later to receive misappropriated funds.

I'm satisfied ClearBank did all it should and conducted appropriate checks prior to opening the account. It has shown evidence of the checks it undertook, and I can't see that there were any potential causes for concern in relation to the documentation it was provided when opening the account. However, even if I were to find that ClearBank ought not to have opened the account, or that its monitoring of the same account means it should have blocked or closed it prior to the arrival of any of the funds from Mr and Mrs L, I don't think I could fairly say that these errors would've impacted the loss suffered by Mr and Mrs L.

I say that because I can see that Mr and Mrs L followed the scammer's instructions to make payments into an account with a completely different name to K, and I can't see that they queried this. Given the email exchange between K's director and Mr and Mrs L, and the acceptance of the delays due to 'errors' made by ClearBank in closing K's account, I think it's likely that Mr and Mrs L would have made the payment to any account they were instructed to by K's director. So, I'm sorry to disappoint Mr and Mrs L, but as such, I don't think there is a fair and reasonable basis upon which I could tell ClearBank to do more in view of this.

However, the payments from Mr and Mrs L did arrive in the ClearBank account, so I've gone on to consider whether anything reasonably could've been expected of ClearBank in response to the activity on the account which would've meant their funds would've been available for recovery.

Having reviewed the evidence provided by ClearBank, I'm not persuaded that the three transactions stood out so significantly that it would reasonably have been expected to intervene. I can see that K's account received a larger transaction three months before Mr & Mrs L's transaction was received. And that in the months before Mr and Mrs L's payment was received, K's account had also made large payments such as £9,000 and £7,000 within hours of each other. Furthermore, a business account such as K's will be expected to process larger value payments than a personal account, so payments of the size made by Mr and Mrs L wouldn't have been particularly suspicious.

Looking at the evidence provided, the payments appeared to be for the named account holder so even if ClearBank had looked the payments coming into the account, I don't think there was anything particularly suspicious about them. ClearBank also told us that K's account had been opened several years prior to Mr and Mrs L's payment being received, and there hadn't been any reports of fraud or anything that ought reasonably to have alerted it that it should have concerns about its account holder or the funds it had received. So, I think it was reasonable that ClearBank allowed the payments to be made from the account. I can see that the payments from Mr and Mrs L were credited to the account in May 2022 and therefore, there weren't any funds remaining for it to return to Mr and Mrs L when it was contacted about the fraud in April 2024. I don't think ClearBank could have done anything more here to recover the funds from received from Mr and Mrs L into this account.

I'm sorry to disappoint Mr and Mrs L as I know they feel strongly about this complaint, and I understand that the fraud has a big financial impact on them. However, I can't fairly hold ClearBank responsible for Mr and Mrs L's decision to make these payments simply because it had opened accounts for the scammer. So, whilst I sympathise with Mr and Mrs L for the situation they have found themselves in, I'm not persuaded that its loss is as a result of failings by ClearBank. Therefore, I won't be asking ClearBank to do anything more.

I invited Mr and Mrs L and ClearBank to give me any more evidence and information they wanted me to consider before issuing my final decision. Neither Mr and Mrs L or ClearBank said whether they agreed or disagreed with the decision, nor had anything further to add.

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, as neither Mr and Mrs L nor ClearBank have said if they have anything further to add, I see no reason to reach a different conclusion. So, this final decision confirms the findings set out in my provisional decision.

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 Mrs L and Mr L to accept or reject my decision before 8 September 2025.

Jenny Lomax
Ombudsman