

The complaint

A company, which I'll call "C", complains that ClearBank Limited won't refund payments made as part of a scam.

Miss J is the director of C, and complains on C's behalf. C holds a business bank account with Tide, and Tide's bank accounts are provided by ClearBank, so ClearBank is the respondent business here, but in the decision I'll refer to Tide for simplicity.

What happened

In October 2024, Miss J received a call from someone purporting to be from Tide. She was told there were attempts to hack C's account, and that payments had been set up by direct debit. Miss J was told to approve the payments in the Tide app and did so believing this wouldn't cause a loss. After ending the call, Miss J checked the Tide app and saw six online debit card payments to a money transfer service totalling almost £20,000.

Miss J reported the scam to Tide and raised a complaint when it didn't agree to refund the payments. In its final response letter Tide said the payments were authorised, and it couldn't have stopped or recovered C's loss.

When the complaint was referred to our service, the investigator upheld it on the basis that they thought Tide ought to have intervened at the third payment. They considered that a proportionate intervention at that time would have unravelled the scam. The investigator recommended that Tide refund C from the third payment onwards and pay interest to compensate C for the time it was without the money. No additional award was made as the investigator didn't think the remaining loss could've been recovered.

C accepted this outcome, but Tide didn't agree. In summary it said C's account didn't exhibit characteristics that ought to have warranted an intervention.

The matter was passed to me to decide, and I issued my provisional decision on 22 August 2025 – here I explained why I intended on awarding 50% of payments 3 to 6 (inclusive).

Both parties responded that they accepted these findings – but as Tide indicated it awaited a final decision, I am issuing one.

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'm upholding this complaint in part.

Has Tide acted fairly in treating the disputed payments as authorised?

The relevant law here is the Payment Services Regulations 2017 (PSRs) – these set out the circumstances in which a payer (here C) and a payment service provider (here Tide) are liable for payments. As a starting point, C is liable for authorised payments authorised and

Tide should reimburse unauthorised payments.

It isn't in dispute that Miss J confirmed all the disputed payments in the Tide app or that she was tricked into doing so by a scammer. It's a little unclear why Miss J thought she needed to take this step; when Miss J initially reported the scam she said the caller *"...made me do 5 or 6 transactions to get them back in the account"*, but in the complaint form she's said *"...in order to stop the payments being processed I needed to authorise the payments on my banking app"*. So, it's not entirely clear whether she thought she was approving payments that would later be returned or trying to stop them from leaving in the first place.

The applicable terms and conditions at the time of the payments doesn't go into detail about how a card payment is authorised beyond using the card. In practice it appears to have been the scammer and not Miss J who used the card information to make the online payments, but Tide has considered them authorised on the basis that Miss J confirmed them.

Tide has provided an example of what the screens Miss J would have completed looked like at the time. This page is titled *"Verify payment"* and shows the payment information such as the amount and merchant. The user has the option to *"Approve payment"* or *"Reject payment"*. I accept Miss J was coached and manipulated into taking these steps. But I think it is fair for Tide to have treated the payments as authorised. This is because the screens Miss J would have been shown were very clear that Tide was asking her whether she agreed to a payment out of the account and she pressed *"Approve payment"*. So, I think it was reasonable for Tide to rely on the steps Miss J took as confirmation that she did consent to the payments.

Did Tide miss an opportunity to prevent C's loss?

In broad terms, the starting position at law is that Tide is expected to process payments and withdrawals that a customer authorises it to make, in accordance with the PSRs and the terms and conditions of the customer's account.

But, taking into account longstanding regulatory expectations and requirements, and what I consider to be good industry practice, Tide ought to have been on the look-out for the possibility of fraud and made additional checks before processing payments in some circumstances.

Taking into account the account activity over the previous six months, which I consider to be a reasonable period of time to assess what C's normal account usage looks like, I don't think Tide ought to have identified that C was at a heightened risk of fraud when the first two payments took place.

However, I think that by the third payment in quick succession to the same money transfer service, a suspicious pattern had emerged. While I can see similar amounts being paid in the past, these are regular transfers to different existing payees for wages. Further while it isn't unusual for the account to be used for multiple payments in one day, it is unusual to make multiple large payments to the same merchant.

So, I think at payment three, it would have been proportionate for Tide to discuss the payments with Miss J and establish the circumstances surrounding the payments and the payment purposes. In practice Tide would need to have declined this payment and spoken to Miss J in a call or via its in-app chat function.

If Tide had asked Miss J reasonable questions, I think it's more likely than not that she would have been honest as there's nothing to suggest she'd been coached to lie or mislead any of her banking providers. It therefore would likely have come out that Miss J thought she was

speaking to Tide and being asked to confirm payments in the app that she didn't want to be made. Tide would have been able to see this wasn't the case, and that no direct debits had been set up and that the payments were being approved to one money transfer service. Tide would also have been familiar with the hallmarks of this scam and would therefore have likely been able to identify the scam and provide Miss J with a relevant warning preventing further payments and any further loss.

While there was a warning in the payment screen Miss J completed, she says she didn't see this. I'll go on to address what this means in terms of whether C should bear any responsibility for its loss later. But I don't think this changes that a human intervention would likely have succeeded. In practice payments are completed quickly, and it is plausible that while following the instructions of the scammer Miss J didn't read this warning. However, if Tide had discussed the payment with her, Miss J would need to have engaged with its questions and warnings before proceeding, so I think that would have likely been effective.

I understand Tide's point that it's expected businesses may process larger more frequent payments, but it's also well known across the industry that businesses can also be the victim of fraud and scams. I've explained above why I think that Tide ought to have identified the heightened risks associated with C's payments in the circumstances.

Should C bear any responsibility for its loss?

In considering this point, I've taken into account what the law says about contributory negligence as well as what's fair and reasonable in the circumstances of this complaint.

I accept that Miss J was manipulated into taking the steps that she did, and that it was a high-pressured situation. Scammers often use sophisticated social engineering techniques to create a sense of panic. I've also taken into account that a genuine email and identification process from Tide at the time would have added to the legitimacy of the call.

However, there are several factors here that I consider ought to have given Miss J cause for concern. Miss J received an unexpected call from "no caller ID" and was asked to authorise payments in her banking app. I do appreciate Miss J thought she was speaking to a representative of Tide, but I'm also mindful that the screens presented to Miss J in the banking app were clear as to their purpose. The screen sets out that Miss J is being asked to verify a payment that had been initiated. And includes the payment amount and the merchant being paid – there was no mention of a direct debit or that this page was to cancel this type of payment. As I've said, it isn't clear whether Miss J thought she was stopping payments or approving them to be returned later on. If it was the former, then this would have contradicted what she was being shown on her screen. And if it was the latter, it isn't clear why she thought it would make sense to need to approve the payments if she wanted to prevent them.

There is also a warning screen that says "*Tide will never call you to ask you to approve this payment in the app. If someone calls asking for this, hang up immediately and contact...*" Miss J would then have needed to select "*Approve payment*" when "*Reject payment*" was an option. While the warning could have been more prominent and isn't interactive, it is directly above the "*Approve payment*" button Miss J selected and is very relevant to the scam she was falling victim to. I understand Miss J doesn't recall seeing this warning, but Tide has confirmed that it was in place for all card payment approvals from August 2024.

Miss J has also said that she challenged the scammer at the time about why she needed to take the steps she did, and again when she was asked to approve a sixth payment after initially being told there would be five. But she hasn't explained how she was then persuaded to follow their instructions.

So, for these reasons I think it would be fair to hold C responsible for 50% of the award I've set out above.

Could Tide have done anything else to recover C's money?

I understand Miss J thinks Tide ought to have done more to stop the payments when she reported the scam, but it wouldn't have been able to do this as they had already been processed. This is the case even if they showed as pending.

As the disputed payments were online card payments, a recovery option that would have been available to Tide would have been through the chargeback scheme. This is a scheme run by the card scheme provider to resolve payment disputes between customers and merchants – subject to the rules they set. Tide wouldn't be expected to raise a claim that it thought had no prospect of success.

As the payments were 3DS approved, it's unlikely a chargeback would be successful on the grounds of authorisation. And as the payments were to a money transfer service, it's likely the services were provided just not for the benefit of C – so it's unlikely a chargeback would be successful on the grounds that the service hadn't been received. So, I don't think Tide has done anything wrong by not raising a chargeback in the circumstances.

My final decision

My final decision is that ClearBank Ltd should reimburse C 50% of payments three to six (inclusive). And that it should pay C simple interest at a rate of 8% on this award from the date of the payments to the date of settlement.

Interest is intended to compensate C for the period it was unable to use this money. If HM Revenue & Customs (HMRC) requires ClearBank Ltd to deduct tax from any interest, ClearBank Ltd must provide C with a certificate showing how much tax has been deducted if it asks for one.

Under the rules of the Financial Ombudsman Service, I'm required to ask C to accept or reject my decision before 9 October 2025.

Stephanie Mitchell
Ombudsman