

The complaint

S, a limited company represented by its director Mr G, complains that Clearbank Limited (Clearbank) won't refund money that it said it lost to a property investment scam.

What happened

Mr G says he was introduced to a company I'll refer to as 'C' by a different property investment company. In brief, C was claiming to offer investments in specific property units on the understanding they would be refurbished and rented out for social housing through councils and housing authorities who it held contracts with.

Mr G says he understood that C was a government-backed scheme. After reviewing C's website and checking its online reviews, Mr G decided to invest in one unit – he paid C £13,500 (in two payments) in June 2024. He did this from his Tide business account, which is provided by Clearbank (for ease I'll refer to Clearbank moving forward).

Mr G received a £600 return from his investment in September 2024, but no further returns have been received, and C is now subject to an ongoing police investigation.

Mr G contacted Clearbank to report that he'd been scammed and later raised a complaint.

Clearbank responded to the complaint and said as S had authorised the payment it was not liable for it. It acknowledged it needed to be on the lookout for unusual or out-of-character payments though. It accepted that as the disputed payment was larger than previous payments S had made, it ought to have stopped it and asked some questions. Clearbank said it didn't believe this would've impacted Mr G's decision to make the payment though.

Unhappy with the response Mr G, on behalf of S, referred the complaint to the Financial Ombudsman Service.

Our Investigator looked at the complaint but didn't uphold it. They agreed that Clearbank would not have been able to uncover that C was a scam at the time the payments were processed.

Mr G was unhappy with the Investigator's opinion. He said as Clearbank had admitted a breach of its duty of care by not intervening in the payment, it was liable. He also argued it was speculative to say he would've carried on making the payment.

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'd like to reassure the parties that although I've only summarised the background, so not everything that happened or has been argued is mentioned, I have considered everything that has been submitted in its entirety.

While I realise this will be disappointing for Mr G, I've decided to not uphold S's complaint.

It isn't in dispute that S was the victim of a scam, or that Mr G authorised these disputed payments on S's behalf, because of that scam.

The starting position is then that – in line with the Payment Services Regulations (PSRs) 2017 – S is liable for those authorised payments.

That isn't the end of it though. In considering this complaint I've also taken into account regulatory rules and guidance, relevant codes of practice and good industry practice. I'm satisfied Clearbank ought to have been monitoring accounts to counter various risks including preventing fraud and scams.

Clearbank has already accepted that it ought to have intervened and spoken to Mr G when he authorised a payment of £13,400. But this doesn't automatically mean that Clearbank becomes liable for S's loss. Causation is a critical determinative factor. It isn't enough that Clearbank failed to identify a scam risk. In order to uphold this complaint, I would also need to be satisfied that such an intervention would more likely than not have positively impacted Mr G's decision making.

Clearbank do not have to protect customers against the risk of bad bargains or give advice. I would expect it to highlight the scam risks associated with making a payment.

Given S was making an investment, I would've expected Clearbank to warn of the risks of investment scams and encourage Mr G to do his research. Clearbank didn't have to review the documentation Mr G received from C, but as I've said, I would've expected it to tailor its questions and warnings accordingly. Clearbank may have also warned Mr G about the need for firms to be regulated in certain circumstances, and that he understood the scam risks involved if they weren't. S was making a specific investment in a property venture though, so I wouldn't have necessarily expected Clearbank to have a greater understanding than S of the specific arrangement it had with C or, tell Mr G whether C needed to be specifically regulated to carry it out.

While Clearbank may have warned about the need to check regulation, C wasn't promoting itself as being regulated. Mr G said he was provided promotional material by C which stated it was not authorised or regulated by the Financial Conduct Authority (FCA).

The lack of regulation wouldn't automatically mean that C was a scam, and as I've said it wasn't up to Clearbank to tell Mr G whether it needed to be regulated. The onus to carry out additional due diligence still lay with Mr G either way. However, given Mr G would've been reasonably aware C was not FCA regulated from the promotional literature, I don't think this would've affected his decision making.

The promotional material also said C's team included a fund manager who was regulated by the FCA. I've looked and I can see this fund manager was regulated, and so if he'd checked this, I think this would've allayed any concerns Mr G may have had. Even more so than this, Mr G said he'd been introduced to C by another company, after attending its property courses. This seemingly legitimate introducing company assured Mr G it had done its own thorough research and found it was a legitimate opportunity. I think Mr G would've been reassured by this recommendation and assurance that due diligence had been carried out by a firm that was perhaps more familiar with the property market. The introducing company encouraged Mr G to carry out his own due diligence too, which he said he did, and he arrived at the same conclusion.

Mr G said following his research into C he believed it was a genuine opportunity owing to S's supposed partnerships with other bodies and companies, its social media presence and professional documentation and marketing material. So again, given he'd not found any cause for concern, I don't think on balance, a warning from Clearbank would've affected Mr G's decision making.

This investment was in a market that S was set-up to operate in, so I don't think Clearbank would've found the reason for the payment suspicious. Even if Mr G had carried out more research at Clearbank's suggestion, C was registered on Companies House and there wasn't any public information I've found, that was available at the time the disputed payment was made, which I think would reasonably have given Mr G cause to suspect it wasn't a legitimate opportunity.

So, considering all the above, I'm not persuaded on balance that Mr G would've stopped making the disputed payments had Clearbank intervened.

Recovery

I've looked at whether Clearbank acted fairly when considering if there was anything it could do to help recover the payments.

Mr G reported the scam to Clearbank, in January 2025. I can see Clearbank reached out to the beneficiary bank promptly, but it said it received no response. So, I can't fairly say that Clearbank has done anything wrong in its attempt to recover S's funds.

My final decision

For the reasons above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask S to accept or reject my decision before 11 May 2026.

John Ryan
Ombudsman