

The complaint

J, a limited company, complains that ClearBank Limited (trading as Tide) hasn't protected it against fraud as it has allowed a scammer to open and operate an account into which its director was tricked into transferring funds for what he believed was a legitimate purchase.

Mr R is representing J in his capacity as director of J. Mr R in turn is represented by a third party. It was Mr R that fell victim to the scam, so I have mainly referred to him throughout this decision.

I understand the recipient account is operated through a platform provided by ClearBank's business partner under the Tide brand. But for ease of reading, I'll refer to ClearBank throughout, but where relevant the reference should be understood as meaning Tide.

What happened

The detailed background to this complaint is well known to both parties. So, I'll only provide a brief overview of some of the key events here. On 9 October 2022 Mr R was sadly the victim of a scam. A scammer tricked him into sending a payment for £1,440 from J's account to another account held with ClearBank. At the time Mr R believed he was making a payment to a wholesaler.

Once he realised he'd been a victim of a scam, Mr R reported this to ClearBank on 18 October 2022.

One of our Investigators considered the complaint but didn't recommend it should be upheld. In summary he didn't think there were failures by ClearBank as the receiving bank in relation to the loss.

Mr R's representative disagreed and asked for an Ombudsman to review Mr R's complaint.

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'm sorry to hear Mr R was the victim of a scam in this way. And I can quite understand why he wants to do all he can to try to recover his funds. But contrary to what Mr R's representative has told us, there is no automatic refund for victims of fraud. It would only be fair for me to direct ClearBank to make a payment where they are responsible for errors that otherwise would have prevented the loss or a part of it.

This case solely relates to ClearBank in its capacity as the receiving bank.

I'm satisfied that ClearBank correctly followed their account opening process for the account that received money from Mr R. I've seen evidence of the electronic checks ClearBank conducted throughout the account opening process. And I've also seen the evidence they took from their customer for proof of identity. And overall, I don't think ClearBank failed when

opening the account. There was nothing at that stage that indicated that the account might later go on to be used in connection with a fraud or a scam. So, I don't think ClearBank could have prevented Mr R's loss in relation to the opening of the account.

The account had been opened two days before Mr R's funds entered the account and this was the first activity. I'm satisfied none of the account activity ought to have caused concern – the payment itself was unremarkable. I appreciate it is a lot of money to Mr R but I don't think it would have stood out to ClearBank as so unusual or suspicious such that they ought to have done more. So, in relation to J's outstanding loss, I don't think there have been any failings by ClearBank regarding the monitoring of the recipient account, so I can't say they missed an opportunity to prevent J's loss in this way.

I'm also satisfied that ClearBank took appropriate action in relation to the (second generational) recipient account upon being notified that J's payment was as the result of a scam. And I've seen the evidence from the second generational receiving bank telling ClearBank the funds from the payment that represents J's loss were spent moments after they were received and before ClearBank knew or reasonably could have known they were the proceeds of a scam. This is not unusual as scammers usually spend the money within hours. So, I don't think ClearBank did anything which negatively impacted the chances of a successful recovery.

I appreciate Mr R's representative has also asked ClearBank to share further details of the exact checks and other material information we've relied on. Unfortunately, data protection laws prevent both ClearBank and our service sharing this information with Mr R.

I'm sorry to hear Mr R lost money to a scammer. But as I don't think ClearBank are responsible for anything that caused the loss or hindered its recovery, there isn't a reasonable basis upon which I can direct them to do more to resolve this complaint.

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask J to accept or reject my decision before 21 December 2023.

Kathryn Milne
Ombudsman