

Addendum – 11 May 2026

The complainant provided comments on the preliminary report; however, after the final report was issued on 23 March 2026, the complainant submitted factual clarifications on 24 April regarding paragraph 6 and again on 6 May 2026 regarding paragraph 8. The factual clarifications were not raised at the preliminary report stage. The paragraphs have been amended for completeness. The clarifications do not affect the findings or outcome of the report.



23 March 2026

Final report by the Complaints Commissioner

Complaint number 202500524

The Complaint

1. On 22 October 2025, you submitted a complaint to my office on behalf of your firm (“**Firm Y**”). You allege that Bank X allowed a transaction to be processed from Firm Y’s business account without conducting sufficient checks. Subsequently you raised concerns with the FCA in relation to Bank X’s handling of the transaction. You are not satisfied with the way in which the FCA has handled the information you have submitted about Bank X and raised a number of allegations about the FCA which I summarise broadly as
 - a. Failing to act on multiple regulatory red flags;
 - b. Failing to act in relation to anti-money laundering (“**AML**”) breaches in relation to the Transaction and address Bank X’s failure to file a Suspicious Activity report (“**SAR**”); and
 - c. Failing to act in relation to Bank X not addressing the alleged immigration and criminal status of Director A.
2. You requested that I investigate whether the FCA has adequately investigated and appropriately acted in respect of the information you have provided regarding the Transaction.
3. Outcome: The FCA has reviewed and acted appropriately with respect to the information you have provided. I have not upheld your complaint for the reasons I set out below

Background

4. It has been established that Firm Y set up a mandate with Bank X which allowed all mandate holders with signatory rights (the directors of Firm Y, 202500524

including yourself and Director A), to authorise transactions with no limits (the “**Mandate**”).

5. On 7 July 2023, two withdrawals were made from Firm Y’s business account. These withdrawals were made in accordance with the Mandate, by Director A, (the “**Transaction**”). The withdrawals of £44,000 and £5,963.02 respectively, amounted to all of Firm Y’s funds in the account. You allege these amounts were transferred from Firm Y’s account into Director A’s personal account, also held with Bank X.
6. On 10 July 2023, you contacted Bank X having been informed that there were no funds remaining in Firm Y’s business account. You alleged to Bank X that the Transaction was fraudulent in that Director A had stolen the funds.
7. On 12 July 2023, having spoken with Bank X’s fraud team, a fraud claim was logged, and blocks were applied to Firm Y’s business account at Bank X. However, following the outcome of the fraud investigation which deemed your claim to be a civil dispute and found that Bank X acted in accordance with the Mandate the blocks were removed on 20 July 2023. The outcome of the investigation was communicated to you by Bank X.
8. You began contacting the FCA in relation to this and other issues in December 2023 and on 19 March 2024, you wrote to the Chief Executive, to allege that Bank X had mishandled the Transaction. Since then, you have also raised concerns about this to the FCA through your MP. The FCA informed you that your information had been passed to the Supervision Team, but it could not share the outcome of any investigations with you due to confidentiality restrictions under Section 348 of the Financial Services and Markets Act 2000 (“**FSMA**”).
9. You have logged seven complaints with Bank X and two with the Financial Ombudsman Service (“**FOS**”). Both Bank X and the FOS deemed your complaint to be a dispute between yourself and Director A.
10. Bank X sent its final response to your complaints on 11 April 2025. Whilst it did not accept responsibility for the Transaction, it did offer you £200 compensation for issues with its complaint handling.

11. On 3 July 2025, you raised your most recent complaint with the FCA Complaints Team and, following some further correspondence, it issued its Decision Letter on 11 August 2025. It contained two elements, both of which were not upheld by the FCA, (1) the FCA failed to address intelligence concerns regarding Bank X despite repeated notifications submitted by you, and (2) the FCA failed to meet its regulatory obligations as it classed the matter as a civil dispute between directors despite evidence submitted which indicates a clear breach of handbook rules. The FCA confirmed to you that, in their view, your information had been properly assessed but it could not inform you of any action taken due to confidentiality restrictions under Section 348 FSMA. It did however say: *“Following careful consideration, the explanation given - that the bank acted in accordance with the signatory arrangements on the mandate - has been accepted by our Supervision team. They have been unable to evidence any breach of our handbook rules”*. It was confident in its view that your complaint was a civil dispute and saw no evidence to suggest that its oversight of the bank has failed to meet its statutory obligations.

12. You subsequently raised your complaint to my office on 22 October 2025.

Preliminary Points

13. Part 6 of the Financial Services Act 2012 (the Act) requires the regulators to maintain a complaints scheme for the investigation of complaints *“arising in connection with the exercise of, or failure to exercise, any of their relevant functions”*. In the case of the FCA, the relevant functions are its functions under the Financial Services and Markets Act 2000 (FSMA) other than its legislative functions. It is not part of the FCA’s relevant functions to intervene in disputes between members of the public and their financial services providers. It does not investigate individuals’ personal complaints against the firms it regulates.

14. The reason for this is that Parliament has set up another route to properly consider complaints such as yours.

15. The FOS is the legal complaint resolution scheme set up by Parliament under the Financial Services and Markets Act 2000 (FSMA). Its role is to resolve individual complaints between regulated firms and their customers. I understand you have already approached the FOS with your complaint and that is the

correct avenue to seek personal redress/compensation. I also understand that FOS did not find in your favour. Neither the FCA nor I, have any jurisdiction in relation to FOS decisions. If you disagree with the FOS decision in relation to your claim for compensation, you would need to pursue that through the courts.

16. That does not mean that the FCA cannot investigate concerns arising from information submitted by individual complainants, but it investigates those in the context of considering whether or not regulatory action is justified. This will not result in compensation for you on the facts of this case. You have explained that it is about the principle and not just the compensation for you.

Analysis

The Transaction:

17. From the evidence available to me, I can see that the FCA considered the matters you raised. It has explained to you that it is subject to confidentiality restraints under s348 Financial Services & Markets Act 2000 (FSMA) and other confidentiality policies, and therefore it is limited (as am I) in what can be disclosed to you. There are aspects of its review which cannot be disclosed to you for these reasons.
18. However, in its decision letter the FCA explained that it was satisfied Bank X had acted in accordance with the mandate and that there was no evidence it had breached the FCA Handbook rules.
19. It is not in dispute that the Bank acted in accordance with the mandate. In my view, transaction monitoring and due diligence obligations require banks to consider the nature and context of transactions, and those obligations operate independently of, and in addition to, mandate checks. Mandate checks are the first step but there are separate obligations in relation to suspicious transactions. It is not the case that if a mandate is complied with, other suspicions can be ignored.
20. The Transaction in question had a number of features which warranted consideration. You have said that:
 - a. It was the first and only transaction made by Director A from Firm Y's business account;

- b. The funds were paid directly into the personal account of Director A (held with Bank X);
 - c. The Transaction reduced to zero, the funds from Firm Y's business account, making Firm Y unable to meet even day to day expenses;
 - d. It was an unusual transaction for this business account, for example, it was much larger than normal transactions; and
 - e. Director A was under an active Home Office Removal Order.
21. It should be noted, that whilst you have explained that you informed Bank X about the immigration and criminal status of Director A on 10 July 2023, I agree with the FCA that Bank X was unaware of this information at the time of the Transaction on 7 July 2023, and therefore this is not information which Bank X could, or should have considered at the time of the Transaction. I therefore do not consider this element any further.
22. Banks routinely flag and query transactions that are exceptional in size, nature or location / destination, even when customers act within the scope of their authority or mandate.
23. A bank is ordinarily entitled to execute an instruction given in accordance with the account mandate. However, mandate compliance is not sufficient where the transaction itself bears objective features capable of giving rise to a reasonable suspicion of misappropriation. In such circumstances, banks often make further inquiry before executing the instruction. I queried whether the unusual features of the Transaction identified at paragraphs 20(a)–(d) above appear sufficient, individually and cumulatively, to operate as red flags which ought to prompt such a transaction to be queried.
24. The FCA's position is that whilst the features listed above at paragraph 20.a to 20.d individually may form part of a broader risk picture, warrant further review in some circumstances or are not in themselves indicative of wrongdoing, these features are a *"matter of hindsight and not something that could have been known at the time of the Transaction"*, *"are not inherently suspicious or considered a red flag"* and *"any assessment must reflect what was reasonably known to [Bank X] at the time"*.

25. The FCA has said that *“Apparent mandate compliance might not be sufficient if a transaction appears fraudulent or unauthorised, however.....where a transaction has been made in line with a business’ mandate, (agreed between the directors of the business and the bank), it cannot be said that a bank has erred in any risk-based decision to allow that transaction in the absence of any evidence of financial crime”*;
26. *“The transactions were made in line with the mandate, and the onus is on the parties to the account owners to understand the scope of the mandate. It would not be proportionate, or conducive to the expectations of consumers or banks in terms of payments and the flow of payments, were the onus on banks to make checks with all parties to an account (either personal or business) when payments are requested by one party to the account in line with the agreed mandate terms”*
27. In addition, the FCA has informed me that, *“there was no evidence Bank X had breached the FCA handbook rules”* and that *“the assessment considered both, compliance with the mandate and the information reasonably available to the bank at the time of the Transaction”*.
28. I invited the FCA to comment on whether its current position adequately captures the expectation that banks exercise judgment and take proportionate, risk-based steps when confronted with transactions that are clearly out of the ordinary, even where those transactions are technically within a mandate. The FCA has further provided me with further information and with assurance that it does.
29. It is not my role to determine whether the bank did anything wrong or not in your specific circumstances: that is the role of the FOS, and I understand you have already approached the FOS and it has found in favour of the bank.
30. My role is to make enquires of the FCA with respect to its supervisory function. The FCA considers concerns arising from information about firms it regulates arising from individual complaints, but it investigates these for the purpose of considering whether or not regulatory action is justified, rather than whether or not the individual requires redress. I have made enquiries of the FCA, and it has explained its rationale from a supervisory perspective, although due to s348 and

other confidentiality reasons I am unable to disclose all of the information which I have seen in relation to this case.

31. I am satisfied that the FCA has considered the information you provided, and reviewed and acted on it appropriately.

The Complaints Commissioner

Complaints Commissioner

23 March 2026