

The complaint

Mr K is unhappy that Clydesdale Bank Plc (trading as “Virgin Money”) hasn’t reimbursed him in full after he was the victim of a scam.

What happened

In May 2021 Mr K was contacted by a scammer claiming to be from Virgin Money. They told him his account was at risk and suggested he transfer money to a trusted family member. Mr K suggested his son, and the scammer said they would set up a new account in his son’s name to send the money to. They provided an account number and sort code.

Mr K attempted to send £5,000 to the account provided by the scammer but this was blocked by Virgin Money. Two debit card payments of £401.20, £902.70 were then made from the account to a money transfer service. Mr K says he had no knowledge of these payments and the scammers must’ve made them. He’s said he didn’t provide his card details and suggested they must’ve somehow hacked his phone, but has said he didn’t download anything and they didn’t send him anything.

He says the scammer attempted a third debit card payment of £4,914.70 which was also stopped by Virgin Money and it restricted his use of the debit card. Mr K contacted Virgin Money about the blocked payments. He told Virgin Money he’d made the debit card payments himself and was helping his son with a debt which is why he needed to pay the money transfer service. Based on what he’d said, the restrictions were removed from Mr K’s card and the payment of £4,914.70 was made. He’s explained that the scammer stayed on the line while he spoke to Virgin Money and would’ve heard the call.

Mr K called Virgin Money the next day and discovered he’d been the victim of a scam. Virgin Money reimbursed him for the first two payments of £401.20, £902.70 because it felt it could’ve done more to prevent the payments being made. But as he’d called up an authorised the final payment of £4,914.70 it didn’t feel it was liable for refunding this to him.

I issued my provisional decision in August 2022. In summary I said that:

- As part of the complaint I was only considering whether Virgin Money needed to reimburse Mr K for the final payment of £4,914.70 as the others had been refunded to him.
- Mr K had said he hadn’t authorised this payment himself on balance I thought it was more likely than not he had. I didn’t think he’d been able to explain any point of compromise or way the scammers had been able to obtain his card details. Although he’d said his phone must’ve been hacked, in my conversation with him and his submissions to the service I hadn’t been able to find a plausible explanation as to how this had happened. What Mr K had told me wasn’t consistent with how, in our experience, a scammer does tend to access someone’s phone. And although he’d

said he didn't know about the attempted card payments, I'd heard call recordings where he discussed the payments clearly with the bank and was aware of the third party transfer service they were being made to. He wasn't able to explain how he knew about the card payments or recall what the scammers had told him about this. He maintained he hadn't known about them.

- Although I thought Mr K had authorised it, I felt it was likely he did this under the influence of the scammers. And when discussing this with our service and the bank much later, he'd been genuinely confused about what information had been provided and what instructions the scammers had given him. I felt this was evident in both his conversations with the bank and my conversations with him when considering the complaint.
- Whilst the payment was authorised by Mr K I also took into account the law, regulators rules and guidance, relevant codes of practice and what I considered to have been good industry practice at the time. As such I thought Virgin Money should fairly and reasonably have measures in place to look for and identify transactions that are significantly unusual, out of character or otherwise might indicate someone had been the victim of a scam. And, where it reasonably ought to have identified such a transaction, it might be appropriate for it to carry out further checks to satisfy itself its customer isn't at risk. It was clear it did have these measures in place because it did intervene and block the card payment in dispute which prompted Mr K to contact it. I thought it acted reasonably in blocking the transactions it did and seeking further contact with Mr K.
- When Virgin Money spoke to Mr K I didn't think it went far enough to satisfy itself Mr K wasn't the victim of a scam. From listening to the call recordings, even though Mr K lied about what the payments were for, I thought it was clear he was confused by the situation and wasn't sure who or which department he was talking to about which payment. I thought if Virgin Money had questioned him sufficiently his cover story – that he was paying his son via a money transfer service – would've likely fallen apart. I also thought it ought to have seemed odd that Mr K had tried to make the payment first via bank transfer, and when this was blocked tried to pay a different amount using a third party company but claimed this was for the same purpose.
- I also thought Mr K had contributed to his loss by way of contributory negligence. I didn't think he'd been able to explain why he thought his bank, who he believed were contacting him to tell him his account was at risk, would be setting up a new account in his son's name for him to transfer his money to. Or, why he then needed to send this money using a third party transfer service. I also didn't think he'd been able to explain why he lied to his genuine bank about the payments he was making and said they were to help his son with a debt.
- I recommended Virgin Money reimburse Mr K for 50% of his loss.

Virgin Money responded to my provisional decision and accepted my findings. Mr K responded and explained that although he thought the decision was broadly fair he maintained he hadn't made the card payment himself and his phone must've somehow been hacked.

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.

As neither Virgin Money or Mr K have provided any further evidence for me to consider in this case I see no reason to change the outcome in my provisional decision, which I've outlined above.

Virgin Money should reimburse Mr K 50% of his remaining loss (£2,457.35) plus 8% simple interest from the date of payment to the date of settlement.

My final decision

I uphold this complaint and direct Clydesdale Bank Plc trading as Virgin Money to pay Mr K the redress outlined above. Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 27 September 2022.

Faye Brownhill
Ombudsman