

The complaint

Mr B complains that Clydesdale Bank Plc trading as Virgin Money allowed a £600 money transfer to go to an account that wasn't his.

What happened

Mr B made a purchase from a private seller for goods costing £600. He used the money transfer facility on his Virgin Money credit card to pay for the goods, but the seller said he hadn't received the payment, so Mr B looked at the seller's banking application (app) when they met, and the payment wasn't showing on the seller's app. So Mr B says he saw the payment was pending on his end and he read a statement on Virgin Money's money transfer page which stated that you can only transfer money into a bank or building society account in your own name. Because Mr B felt the money transfer wouldn't complete as it wasn't a payment to his own name, he transferred the £600 from his current account to the seller who gave him the goods.

Mr B says that after several days, the pending status of the money transfer had disappeared from the app, but it had been successfully processed by Virgin Money. Mr B tried to contact the seller to retrieve the extra payment, but he says the seller keeps ignoring him. Mr B tried to get a refund from Virgin Money but this was unsuccessful as Virgin Money informed him that it appears the seller has withdrawn the funds from that account. Mr B made a complaint to Virgin Money, who didn't uphold his complaint. Mr B brought his complaint to our service.

Our investigator partially upheld Mr B's complaint. He said that while he empathised that Mr B was in a difficult situation – as the payment he made hadn't completed and the seller needed paying – Virgin Money weren't at fault for this. He said the app shows it could take up to three days for the transfer to be completed. Our investigator said regarding the Credit Payment Recovery (CPR) process (trying to get a refund), Mr B raised this matter with Virgin Money on 29 March 2022 for the payment made on 26 March 2022. And as the payment had already been processed, Virgin Money were unable to stop it, so the CPR process was initiated by Virgin Money on 29 March 2022. He said although the recovery of funds wasn't guaranteed, the process says the customer will know the outcome of the claim within a maximum of 20 working days. But a letter was sent to Mr B on 18 May 2022 explaining the claim was unsuccessful, which our investigator calculated this at 34 working days, which is 14 more working days than what's promised in the CPR process. So he said Virgin Money should pay Mr B £100 for the delay.

Mr B asked for an ombudsman to review his complaint and he suggested that either Virgin Money should use the Confirmation of Payee (CoP) scheme for credit card money transfers or remove/amend wording on their website/app about this process. He says he was told over the phone by Virgin Money that they say he can only transfer money to his own account to stop fraudsters/scammers.

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.

Mr B has made a number of points to this service and I've considered and read everything he's said and sent us. But, in line with this service's role as a quick and informal body I'll be focusing on the crux of his complaint in deciding what's fair and reasonable here.

I'd like to explain to Mr B that it is not within this service's remit to tell a business how to run their processes or procedures such as what they display on their website or app or what checks they should make when processing a money transfer. It would be the role of the regulator – the Financial Conduct Authority, who have the power to instruct Virgin Money to make changes to their policies and procedures, if necessary.

I've looked at the video and the app screenshots Mr B has kindly provided to us. Looking at the video, I'm satisfied that Virgin Money are clear that the money transfer should be going to Mr B's own account and not a third party. I say this because on the "*Making payments or transfers*" screen there is a section titled "*Make a money transfer*". Underneath this title it says "*Move money from your Virgin Money Credit Card to your bank account*". So I'm satisfied that this is made clear that this option was to be used if Mr B wanted to transfer money to his bank account – not another person's bank account. Mr B had two options to choose from on the following screen.

Once an option for the money transfer is selected it takes you to another screen titled "*Important information*". One of the bullet points of the important information states "*You can only make a money transfer to a UK bank or building society in your name*". But at the bottom of this page, it says "*By continuing you agree that*" then "*You've read the important information above*". Mr B then has an option to select decline or accept. As the bank account he was transferring the money to was not in his name, then Mr B should not have selected accept. If he was in any doubt about the wording used, it would be reasonable to expect him to delay making the transfer until he spoke to Virgin Money to see if the payment could be made to a third party, even if this meant him losing the opportunity to purchase the goods.

I say this as the important information doesn't say they will carry out checks to make sure the account was in his own name. Mr B would've needed to accept the important information to progress the money transfer, confirming the account was in his name as part of the important information. This took him to another screen where it says "*How much do you want to transfer to your bank account*", the wording is clear it's to "*your bank account*", and not "*a bank account*", and not to "*a third party bank account*". On the same screen it says "*You can transfer up to £(monetary amount) to your bank account*". So Mr B was told twice on this screen that this was to his account. Once an amount is entered to transfer, this takes you to another screen.

The screen shows "*Your bank account details*", so again I'm satisfied that Mr B should've only entered his bank details as instructed to. Again this does not give any indication that Mr B should enter details other than his own. There is a field for him to enter the account number and sort code. And the box underneath once again reiterates that "*You can only make a money transfer to a UK bank or building society account in your name*". So this is why I'm persuaded there would be no need to type in a payee name. I say this because I have highlighted several occasions so far where Virgin Money clearly explained the account would need to be in Mr B's name, so it would not be proportionate to ask for a payee name.

Once the sort code and account number are entered, Mr B would need to enter his password to submit his money transfer. The video shows once he's done this, a final screen shows Virgin Money have received his transfer request and "*It takes up to 3 days to transfer the money, if no extra checks are needed. We'll be in touch if we need something. Otherwise we'll email you confirmation*". So I'm satisfied this is clear the transfer won't be instant as it

takes up to three days to transfer the money – although it may be quicker based on them saying *“It takes up to”*. Although Virgin Money show on the app that *“All money transfers are subject to approval”*, this doesn’t mean that they are all subject to extra checks as the confirmation screen states *“if no extra checks are needed”*. It’s not for our service to say what these checks should be and when they are required.

I’ve considered what Mr B has said about the CoP scheme here. But I’m not persuaded it would be proportionate for Virgin Money to need to use this here. I say this because they made it clear on numerous occasions that the payment should be to an account in Mr B’s name – and he clicked on accept – to accept the important information. So I can’t hold Virgin Money responsible for Mr B entering a third party’s sort code and account number when he had been told numerous times prior to this point that it would need to be an account in his name. The CoP scheme – as confirmed by the screenshot that Mr B sent our service from Virgin Money’s website shows that this is used when he was to set up or edit a payee. This is relevant to Virgin Money’s current accounts and not for their credit cards. And in this instance Mr B was not setting up a payee or editing a payee – he was processing a money transfer on a credit card to an account that should have been in his own name. So the CoP scheme wouldn’t apply here.

I’ve considered what Mr B has said about what he was told by Virgin Money that they use the wording about a money transfer needing to go to his own account to put off scammers transferring funds. I’m not disputing that he was told this by Virgin Money, and this may be one of the reasons they use this wording. But here Mr B accepted that this was to an account to his own name – when it wasn’t, and he entered his password to confirm he wanted the payment to be made to the sort code and account number that he entered. And this is what Virgin Money processed for him. So I don’t think it would be proportionate for Virgin Money to consider that the payment would be made to a third party here, when he confirmed he accepted the important information, and he entered his password to confirm he wanted to transfer £600 to the details he provided.

It would have been proportionate for Mr B to check with Virgin Money about the pending transfer before he made the £600 payment from his current account if he was under any doubt about their process. The terms of his account doesn’t state what will happen if he did enter someone else’s account details, whether this would still be paid or not. So I can’t see anywhere where they explicitly state that a money transferred paid to a third party account would be returned to his account. While I genuinely have a lot of sympathy for the situation he’s currently in, I can’t hold Virgin Money responsible for this. As the seller is refusing to return the overpaid money, this would be a civil matter. Because this was a money transfer to a third party seller and not a purchase with his credit card itself, this is why section 75 protection would not be available to him here.

I can see that Virgin Money made efforts to recoup Mr B’s funds via a CPR. But ultimately they were unsuccessful in doing so. But I do think that Virgin Money let Mr B down with the time it took to process the CPR and communicate the outcome of this to Mr B. I’m satisfied that £100 compensation is fair for this as it would have been distressing for Mr B to not find out the outcome of the CPR within the 20 working days he would have been advised of. It was nearly three weeks after this date which he was informed of the outcome. So it follows Virgin Money should put things right for Mr B.

Putting things right

Our investigator suggested that Virgin Money pays Mr B £100 compensation due to the time it took for them to process the CPR, which I think is reasonable in the circumstances.

My final decision

I uphold this complaint in part. Clydesdale Bank Plc trading as Virgin Money should pay Mr B £100 for distress.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 14 July 2023.

Gregory Sloanes
Ombudsman