

The complaint

Mr T complains on behalf of Company E that Clydesdale Bank Plc, trading as Virgin Money (Virgin Money) didn't do enough to stop fraudulent activity on its account. It also complains that there was a delay with part of the refund the bank provided.

What happened

In late October, early November 2022, Mr T noticed that a number of fraudulent transactions had been made from Company E's business account. These transactions totalled nearly £30,000. Mr T contacted Virgin Money and asked it to investigate and refund the transactions. Mr T said he normally has to verify all transactions through the app but that didn't happen with any of these fraudulent payments so was unhappy this had been able to occur.

Virgin Money said that the full card details, including expiry date and security code, had been used to make the transactions and due to this, it was less likely to flag on any of its fraud detection systems. It explained that it hadn't done anything wrong in processing them but agreed to refund the transactions in full. However, four of the transactions were missed, resulting in a delay in part of the refund.

Mr T complained to Virgin Money saying that it should have done more to protect Company E's money and that its customer service had been poor. Virgin Money agreed that the customer service should have been better, so offered company E £75 compensation. Mr T didn't think that this was enough so brought the complaint to us. He said he thought a five-figure settlement for the errors that had occurred would be more appropriate.

While one of our investigators reviewed the complaint, Virgin Money offered a further £100 compensation for the poor service it had provided, bringing the compensation total to £175. Our investigator thought that this was a fair offer but Mr T didn't agree and asked the complaint to be passed to an ombudsman, so the complaint was passed to me.

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.

Having done so, my review of the evidence has led me to the same overall conclusions as the investigator, for broadly the same reasons.

I understand how strongly Mr T feels about this complaint, he has raised a number of points and although I may not mention every point raised, I have considered everything he has said but have limited my findings to the areas that impact on the outcome of the case. No discourtesy is intended by this, it just reflects the informal nature of our service.

Mr T is unhappy that the fraudulent payments did not require any further authorisation from himself. I can understand why this would be confusing. I can see from the file provided from Virgin Money that the reason for this was that the full card details were provided, including

the expiry date and the security number. Banks are allowed to process payments if they have been authorised in this way. I can see from the file that the correct card details were used, so it does seem the payments were correctly authorised.

I agree there were multiple payments and for large amounts and the bank perhaps could or should have stepped in sooner to stop the payments. If I felt B had allowed payments out it shouldn't have, I would ask it to refund them, but since that's already been done, I won't be asking Virgin Money to do more.

Mr T stated that as a result of the delays, Company E lost out on purchasing opportunities. However, having looked at the evidence provided by Mr T, I'm not satisfied that this is the case, as the majority of the refunds had been returned by the date Mr T said he needed to take up the offer. I don't think I need to look at this point any further.

I appreciate that after the delays and frustration involved, Mr T would like a higher amount award of compensation but our role is to sort out complaints, rather than punish banks or issues fines like a regulator. And I need to be consistent with our guidelines about the levels of compensation. Taking everything into account, I think £175 total compensation is fair in this case.

My final decision

The bank has already made an offer to settle this complaint. I think that offer is fair and reasonable in the circumstances.

My final decision is that Clydesdale Bank Plc, trading as Virgin Money, should pay £175 in compensation to Company E if it hasn't already.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T complaining on behalf of Company E to accept or reject my decision before 1 November 2023.

Sarah Green
Ombudsman