

## The complaint

Mrs S is unhappy Clydesdale Bank Plc trading as Virgin Money ("Virgin") won't reimburse her for the money she lost when she fell victim to a scam.

## What happened

The details and facts of this case are well-known to both parties, so I don't need to repeat them at length here.

In short, Mrs S says she saw an advert for a trading company on social media that I will call "B" fronted by a well-known comedian. Mrs S completed an enquiry form and was contacted by a representative of B.

Subsequently, she sent money to B from three current accounts that she held. From her Virgin account she made the following payments.

Transaction Number	Date	Beneficiary	Amount	Type of payment
1	22 February 2023	Crypto Exchange	£300	Transfer
2	17 April 2023	Crypto Exchange	£4,400	Transfer
3	17 April 2023	Current account with different provider	£4,400	Transfer
4	19 April 2023	Current account with different provider	£4,000	Transfer
5	19 April 2023	Current account with different provider	£15,000	Transfer
6	4 May 2023	Crypto Exchange	£11,000	Transfer
7	4 May 2023	Crypto Exchange	£9,000	Transfer

8	5 May 2023	Crypto Exchange	£19,900	Transfer
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Mrs S realised that she had been scammed when she was told that she had to pay a series of fees in order to withdraw her profits.

She made a complaint via a representative to Virgin and requested that the above transactions be refunded. It declined to do this.

One of our investigators looked into this matter and he thought that Virgin should have intervened during transaction 2 and had it done so, it would have prevented the payments from being made. So they concluded that Virgin should therefore refund a portion all of the above payments. Specifically, they said Virgin should refund 50% of payments 2,3,6,7 and 8 and 33% of payments 4 and 5. The reason for this was because he thought that Virgin and Mrs S were equally responsible for the loss of 2,3,6,7 and 8. Whereas he thought that Virgin, Mrs S and her other account provider were equally responsible for payment 4 and 5.

Virgin did not agree with this and therefore Mrs S's complaint has been passed to me to issue a decision.

### **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.

In deciding what's fair and reasonable, I am required to take into account relevant law and regulations, regulators' rules, guidance and standards, and codes of practice; and, where appropriate, I must also take into account what I consider to have been good industry practice at the time.

Overall, taking everything into account, I consider it fair and reasonable that Virgin should:

- have been monitoring accounts and any payments made or received to counter various risks, including preventing fraud and scams;
- have had systems in place to look out for unusual transactions or other signs that might indicate that its customers were at risk of fraud (among other things). This is particularly so given the increase in sophisticated fraud and scams in recent years, which firms are generally more familiar with than the average customer;
- in some circumstances, irrespective of the payment channel used, have taken additional steps, or made additional checks, or provided additional warnings, before processing a payment; and
- have been mindful of – among other things – common scam scenarios, how the fraudulent practices are evolving (including for example the common use of multi-stage fraud by scammers, including the use of payments to cryptocurrency accounts as a step to defraud consumers) and the different risks these can present to consumers, when deciding whether to intervene.

It isn't in dispute that Mrs S has fallen victim to a cruel scam here, nor that she authorised the payments she made by transfers to her cryptocurrency wallets (from where the cryptocurrency was subsequently transferred to the scammer).

So, I've gone onto consider, taking into account what Virgin knew about the payments, at what point, if any, it ought to have identified that Mrs S might be at a heightened risk of fraud that merited an intervention.

Having considered the various factors, I think that Virgin needed to intervene during payment 2. I say this because this was a large payment and to a crypto exchange. Mrs S was not in the habit of making large payments to crypto exchanges. I'm aware that cryptocurrency exchanges like B generally stipulate that transfers must go to an account held in the name of the account holder. Virgin would likely have been aware of this fact too. So, it could have reasonably assumed that the payments would be credited to a cryptocurrency wallet held in Mrs S's name.

With this in mind, I've thought carefully about what a proportionate intervention, in light of the risks presented, would be in these circumstances. In doing so, I've taken into account that many payments that look very similar to this one will be entirely genuine. I've given due consideration to Virgin's duty to make payments promptly, as well as what I consider to have been good industry practice at the time this payment was made.

Taking that into account, I think Virgin ought, when Mrs S attempted the second payment, knowing (or strongly suspecting) that the payment was going to a cryptocurrency provider, to have intervened and have provided a warning setting out the general features of crypto scam regardless of what payment purpose Mrs S provided at the time. I note that Mrs S did list the payment reason as 'moving money to another account of mine'. But this is not misleading, as the crypto account was an account of hers. And whilst the money may've been going to an account in her name, the funds were still clearly being sent to a crypto exchange. So I think a crypto warning was in my opinion merited.

So, at this point in time, I think that such a warning should have addressed the key risks and features of the most common cryptocurrency scams – cryptocurrency investment scams. The warning Virgin ought fairly and reasonably to have provided should have highlighted, in clear and understandable terms, the key features of common cryptocurrency investment scams, for example referring to: an advertisement on social media fronted by a celebrity; an 'account manager', 'broker' or 'trader' acting on their behalf, having to send them crypto via an exchange and a small initial deposit which quickly increases in value.

I recognise that a warning of that kind could not have covered off all scenarios. But I think it would have been a proportionate way for Virgin to minimise the risk of financial harm to Mrs S. I think Virgin could've covered off the key features of scams affecting many customers, but not imposing a level of friction disproportionate to the risk the payment presented.

I've thought carefully about whether a specific warning covering off the key features of cryptocurrency investment scams would have likely prevented any further loss in this case. And on the balance of probabilities, I think it would have. There were several key hallmarks of common cryptocurrency investment scams present in the circumstances of Mrs S's payments. For example, Mrs S finding the investment through social media fronted by a celebrity, being assisted by a broker, making large profits quickly and having to send crypto via a crypto exchange to B rather than sending funds directly to B.

I think Mrs S would have listened and recognised she was at risk of being a victim of a scam, especially as this was early in the scam and she did not have as much to lose. Had Mrs S been warned about the risks of the payments she was making, a google search for B would've shown bad reviews about B prior to this transaction.

It therefore follows that I think Mrs S would not have gone ahead with the payments had Virgin provided Mrs S with a warning during an intervention.

I've considered carefully whether Mrs S should hold some responsibility for her loss, by way of contributory negligence. In this instance, the profits that she was promised were unrealistic (she was promised a 10% *monthly* return). Mrs S says that she researched B via a well known business review platform but I don't think that this could have been the case due to the negative reviews that existed at the time. I find it more likely that Mrs S did not do any research before sending funds to B.

So overall and having considered everything, I think that Mrs S contributed to her own loss and therefore I feel that it would be appropriate to reduce the amount of compensation due to Mrs S by 50% in relation to the payments that Virgin could have prevented. And to 33% for payments that Virgin and the other account provider could have both prevented. I note that payment 3 also went via the other account provider but I don't think that it could have prevented that payment going to the scammer as the appropriate intervention point for the other account provider was after this payment.

I have thought about whether Virgin could have recovered the funds, but the Contingent Reimbursement Model ("CRM") does not apply to funds sent to an account in the consumer's own name. I also don't think that there was any other way to recover the funds in the circumstances.

### **Putting things right**

So, to put things right, I require Virgin to do the following:

- Refund 50% of transaction 2,3,6,7 and 8 and Refund 33% of payment 4 and 5.
- Add 8% simple interest annually on those sums, calculated from the date they were paid to the date of settlement, less any tax lawfully deductible.

### **My final decision**

Because of the reasons given above, I uphold this complaint in part and require Clydesdale Bank Plc trading as Virgin Money to pay the redress outlined above to put matters right, in full and final settlement of this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs S to accept or reject my decision before 13 June 2025.

Charlie Newton  
**Ombudsman**