

The complaint

Mr D complains that Clydesdale Bank Plc trading as Virgin Money (Virgin) declined a number of attempted transactions on his debit card which meant he was unable to arrange a taxi ride home in the early hours of the morning, resulting in an eight mile walk instead. To put things right Mr D would like Virgin to pay him financial redress.

What happened

Mr D is unhappy that when he tried to use his debit card after an office Christmas party, his account was blocked. He unsuccessfully tried a number of times to book a cab and also tried to withdraw cash.

Virgin didn't uphold his complaint about what happened. It said its automated fraud detection system had flagged a payment he was attempting to make as there had been a recent increase in scams with this company type and so his verification was needed. Virgin said it had attempted to contact Mr D immediately but without success. And when Mr D replied to its text message, some hours later, he advised the payment was fraudulent. After the fraud team made further attempts to speak to Mr D on the phone, contact was made and as soon as Mr D confirmed the payment was genuine, Virgin removed the block on his card.

Mr D brought his complaint to us and one of our investigators looked into what happened. Our investigator didn't feel he had seen enough to be able to uphold Mr D's complaint. Briefly summing up, he felt that Virgin hadn't done anything wrong and that it had acted fairly and reasonably when trying to protect Mr D's money.

Mr D disagreed with our investigator. He mainly said that Virgin didn't contact him immediately. Also, that he hadn't understood the text message. He said he was concerned that if he'd replied to the text message, he risked payment going to all the cab firms he'd tried the card with, and then not been able to get his money back.

As the complaint hasn't been resolved, it comes to me for a final 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.

I sympathise with Mr D. Understandably, thinking he'd get a cab home, he hadn't gone out that night prepared for a long walk home that he told us took him three hours in zero degrees without a coat. So I can understand why what's happened has been upsetting and frustrating for him. But having thought about everything, I've independently reached the same overall conclusions as our investigator. I'll explain why I say this.

Mr D feels Virgin was wrong to block his payments, but I don't agree. Virgin has explained that it declined a debit payment Mr D attempted due to its fraud detection system identifying the need for a check. I am satisfied that the relevant account terms and conditions which applied allowed it to block payments in these circumstances. Whilst I appreciate it can sometimes be frustrating, these checks are designed in the interests of Virgin customers to help keep their money safe and prevent fraudulent activity on their accounts.

Even though Virgin was entitled to take this action, I would still expect it to act in a fair and reasonable way towards Mr D and I've thought carefully about this.

Virgin explained it contacts customers by text message when this happens and, despite what Mr D has said, Virgin's system notes show that an automated text message was sent straightaway to his phone (timed at 2.38am) when the transaction was declined. This would have alerted Mr D to the fact that Virgin had identified 'unusual activity' on his account and given him details of the attempted transaction so he could identify it. Mr D was invited to text back 'Y' or 'N'. His card could have been unblocked immediately had he done this and verified that the transaction was genuine.

As Mr D didn't respond, the failed transaction triggered a block on his account preventing any further transactions taking place.

When Mr D did respond to Virgin's text, around 7am, Virgin's system shows Mr D indicated the transaction was fraudulent. Mr D has explained he wasn't thinking very clearly and he was worried about his money. But I think it's fair to say that Virgin's text message was reasonably clear and had Mr D followed the instructions and responded correctly, identifying and verifying the transaction he'd attempted, the block on his account could have been lifted at that point. Instead, as I think it's reasonable to expect in these circumstances, Virgin continued to block the account.

Virgin's fraud team made a number of follow up attempts to reach Mr D by phone. When contact was made (at around 2pm that afternoon), Mr D confirmed the payment was genuine and the block was removed.

In order to be able to uphold Mr D's complaint, I have to be able to fairly say that Virgin made an error or acted unfairly or unreasonably – and I haven't seen enough here to do so. This means I can't award the compensation Mr D would like me to.

I appreciate that Mr D feels that lots of people will make payments they don't normally around Christmas time and Virgin's checking systems should have allowed for this possibility. But for the reasons I have set out, this doesn't affect the outcome here.

I hope that setting things out as I've done explains how I've reached my conclusions and, even though this isn't the outcome Mr D hoped for, he will at least feel that the Financial Ombudsman Service has fully considered his complaint.

My final decision

My final decision is that I don't uphold Mr D's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 6 May 2024.

Susan Webb
Ombudsman