

The complaint

Miss R complains that Clydesdale Bank Plc trading as Virgin Money (as the recipient bank) didn't do enough to prevent her losing money to a scam.

Miss R has used a representative to bring her complaint. But for ease of reading, I'll mostly just refer to Miss R herself where I also mean the representative.

What happened

The detailed background to this complaint is well known to both parties. So, I'll only provide a brief overview of some of the key events here. Miss R says that she's been the victim of a scam. In December 2021 she made a payment for £51,440 from her own bank to an account held with Clydesdale. The accountholder was a business I'll refer to as 'S'. At the time she believed this was to fund an investment in art. In January 2023 she received a return of £19,000 from S.

S later went into liquidation and Miss R formed the opinion that they had been operating a scam. She reported this to her own bank who (in July 2023) passed this on to Clydesdale. Clydesdale investigated but didn't offer any redress. Their complaint response said there had been no bank error. The matter was referred to our service and one of our Investigators didn't think we could consider all of Miss R's complaint. He explained that part of the complaint fell outside our jurisdiction and for what he could consider, he didn't recommend it should be upheld. Miss R didn't accept this and asked for an Ombudsman to review her complaint.

I've already issued a jurisdiction decision setting out that I can only consider Miss R's complaint in relation to acts or omissions of Clydesdale that took place on or after 31 January 2019.

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.

Much of the submissions on Miss R's complaint centre around whether S were operating a scam or not. This isn't something I need to make a finding on to fairly decide this complaint. Even if it could conclusively be shown that S were operating a scam, for the reasons I'll come to, I don't think this impacts the outcome of this complaint.

In the circumstances here, there is no automatic right to a refund from the recipient bank in relation to payments made as a result of an alleged (or even proven) scam. It would only be fair and reasonable for me to require Clydesdale to pay redress if they are responsible for errors which could fairly be said to have caused the loss. For the reasons I'll explain, I don't think they are.

The account that Miss R paid had been open for a number of years before her payment arrived in it. The evidence supports that Clydesdale appropriately conducted ongoing due diligence in relation to the account, as they are expected to. And at the relevant time, given the information Clydesdale knew about S, I don't think the arrival and spending of Miss R's payment (or any other payment within the context of our jurisdiction that I've previously explained) would've appeared so unusual, suspicious or indicative of a potential problem such that I'd have expected Clydesdale to have done more at the time in a way that could reasonably have prevented her loss.

The established pattern of account use involves what appears as genuine business activity with payments out for utility bills, taxes, what appear to be suppliers and various other businesses. This was in line with what was expected for an account of this type. There wasn't anything I reasonably think Clydesdale should have picked up on or questioned further. Also at the material time there was nothing in the public domain indicative of a potential issue with S. As is common for many business accounts, occasional disputes were raised and investigated by Clydesdale and I don't think it was unreasonable for them not to have had further concerns at the time.

It simply wasn't unusual for this account to receive and make payments of similar amounts (and indeed for larger sums) to that of Miss R's. And whilst I acknowledge her allegation that the entire account was scam related, against the background of what I've set out above, there wasn't any reasonable basis at the time Clydesdale to have thought the activity was anything other than genuine.

Miss R's payment was paid away from the account before Clydesdale were aware of the potential problem with it. So I don't think Clydesdale reasonably could've done more to try to recover the same.

I also note that Clydesdale became a signatory to the Lending Standards Board's Contingent Reimbursement Model Code (CRM Code) on 28 February 2022. But as they weren't a signatory at the relevant time for this complaint (when Miss R made her payment, December 2021), it isn't a consideration for this complaint and can't be used as a basis to require Clydesdale to do more.

I'm of course sorry to hear Miss R lost money. But as I'm not persuaded this is something Clydesdale are responsible for, there isn't a reasonable basis upon which I can require them to do more to resolve this complaint.

My final decision

For the reasons outlined above, my final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss R to accept or reject my decision before 2 April 2025.

Richard Annandale
Ombudsman