

The complaint

Miss S complains that Clydesdale Bank Plc trading as Virgin Money ('Virgin') will not refund the money she lost when she fell victim to a scam.

What happened

The details of this complaint are well known to both parties, so I will not go into every detail of what happened here. But in summary, both parties accept that in March 2024 Miss S fell victim to a bank impersonation scam. She was tricked into thinking that she was speaking to someone from a bank, and that her money was at risk and so needed to be moved to keep it safe. She was told to set up an account with an electronic money institution ('EMI') which I will call 'R'. She sent approximately £1,100 over two card payments from her Virgin account to R. Unfortunately, Miss S had been speaking with a scammer and later lost these funds.

Miss S's representatives argue that Virgin ought to have recognised that their payments were unusual and out of character for her account. They have suggested that Virgin's failure to take additional steps, or make additional checks, before processing the payments and declining them altogether has caused Miss S's financial loss.

Virgin looked into what happened and declined to refund the money she lost as the result of the scam. They said she had authorised the payments herself, utilising a onetime passcode which was sent to her registered mobile number. They said this helped to verify the transactions as being genuine and reduced the risk level, and need for any additional intervention. They said they reached out to R who confirmed the funds were received into Miss S's account with them, and that there was nothing further they could do. They suggested she contact R going forward.

Miss S remained dissatisfied with Virgin, so she escalated her concerns to our service. One of our investigators looked into Miss S's concerns, but did not recommend that her complaint should be upheld. In short, this was because the investigator did not think that the payments were sufficiently unusual or out of character as to warrant an intervention from Virgin. So, they did not think that Virgin had done anything wrong, and by extension did not think that they needed to refund Miss S's losses.

Miss S did not agree. She said that before the scam, she had never sent money to the R account in her name, nor had she since. She said R was known to be used by scammers which Virgin should have been aware of. She thought that Virgin should have therefore intervened prior to processing the payments and stopped them going through. She explained that at the time of the transactions she was under a great deal of stress from personal circumstances as well as the pressure the scammer put her under, which made her more vulnerable to the scam. She said she contacted Virgin as soon as she realised she had fallen victim to a scam.

As no agreement could be reached, the case has been passed to me to decide.

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 would like to start by saying that I was sorry to read about the impact this cruel and callous scam has had on Miss S, particularly when she had been going through a difficult time in her personal life prior to the scam. I can tell from the evidence that we have that this has had a significant impact on Miss S, so I would like to start by offering my sympathies for what she has been put through in this difficult time.

My role here is to assess Virgin's actions against what they should have done. Having done so, I do not think it would be fair and reasonable for me to hold Virgin liable for Miss S's losses. So, having considered everything, I am not going to uphold Miss S's complaint. I do appreciate how disappointing this will be for her, but I don't think I can fairly say that Virgin should reimburse her with the money that was unfortunately lost to the scammers. I'll explain why.

There is no dispute that the transactions were 'authorised' payments, even though Miss S was the victim of a sophisticated scam. Miss S made the payments herself, and under the relevant regulations and the terms and conditions of her account, Miss S is presumed liable for the payments in the first instance.

But I've also taken into account the law, regulators rules and guidance, relevant codes of practice and what I consider to have been good industry practice at the time. In this case, this does not include the Lending Standards Board Contingent Reimbursement Model ('CRM') Code as this code requires the payment to have been a push payment which went directly to a scammer, and in this case the funds went via card payment to an account Miss S set up and had access to, in her name, with a legitimate EMI. But based on the other relevant rules relating to authorised push payment scams, I think Virgin should fairly and reasonably:

- Have been monitoring accounts and any payments made or received to counter various risks, including anti-money laundering, countering the financing of terrorism, and preventing fraud and scams.
- Have had systems in place to look out for unusual and out of character transactions or other signs that might indicate that its customers were at risk of fraud (amongst other things). This is particularly so given the increase in sophisticated fraud and scams in recent years, which banks are generally more familiar with than the average customer.
- In some circumstances, irrespective of the payment channel used, have taken additional steps, or make additional checks, before processing a payment, or in some cases declined to make a payment altogether, to help protect customers from the possibility of financial harm from fraud.

So, I consider that as a matter of good practice, Virgin should have been on the lookout for unusual and out of character transactions and where necessary, taken proportionate interventions. The relevant payments were sent to Miss S's own account with R, via card payment which was authenticated with a one-time passcode which was sent to her registered mobile number. The values of the transactions were £380.90 and £750. Having considered the available evidence, I do not think that the payments were sufficiently unusual and out of character to have demonstrated that Miss S was at risk of fraud or financial crime. And so, it follows, that I do not think Virgin acted unfairly by not intervening in these payments. I know this will disappoint Miss S, and I am sorry for this. I will explain my reasoning.

I know that neither of these payment amounts, nor their cumulative value, were inconsequential amounts of money. I must think about the careful balance banks must make between processing legitimate payments, and intervening with potentially risky payments. And having done so, I don't think the values of the payments were enough to say that intervention was necessary here. I have also considered whether there was anything else that ought to have put them on alert that Miss S's money was at risk. Miss S said that she

had never paid this account before. The second payment did drain her account balance, and the payments were made within about 10 minutes of each other. However, when considering this against the fact that Miss S was making the card payments to an account with a legitimate EMI, and the amounts were not so large as to be unusual, I do not think it would be fair to have expected Virgin to have intervened in these payments before processing them. And so, by extension, I do not think it would be fair and reasonable to ask them to refund Miss S here.

I've also considered what attempts Virgin made to recover the funds from the scammers. Unfortunately, as the payments went to an R account in her name before being sent on to the scammers, Virgin would not be expected to try and recover the funds. So, I cannot say they have done anything wrong here.

In summary, I understand that Miss S believes that Virgin should have intervened with these payments and should have prevented the scam – but I am afraid I don't agree. Unfortunately, Virgin are not able to identify every scam. I would expect them to look out for the hallmarks of scams and recognise these red flags, but I am not persuaded these red flags existed in this. So, whilst I don't doubt that Miss S was the victim of a cruel and callous scam – it is ultimately the scammers who are at fault here, and I do not find that it would be fair and reasonable to ask Virgin to refund her losses.

My final decision

I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss S to accept or reject my decision before 10 July 2025.

Katherine Jones
Ombudsman