

## **The complaint**

Mr G complains about the way Clydesdale Bank Plc trading as Virgin Money ('Virgin') dealt with his request for a chargeback.

## **What happened**

Mr G says that in January 2022 he paid £1,940 to a company I'll call L in this decision for a funeral plan for himself and his wife. Mr G used his Virgin debit card to make the payment. In March 2024 Mr G contacted Virgin as he discovered his funds were taken fraudulently and a funeral plan hadn't been registered. Mr G says there is an ongoing police investigation in respect of L.

Virgin said it was unable to raise a chargeback as the time limit for doing so had expired.

Mr G was unhappy with Virgin's response and brought a complaint to this service.

The investigator who considered Mr G's complaint didn't recommend that it be upheld. She agreed that the time period for raising a chargeback had expired. The investigator went on to say that the payment to L wasn't so unusual and out of character that Virgin ought reasonably to have intervened when it was made.

Mr G was unhappy with the investigator's findings. He said that he couldn't have brought a claim in time because he only became aware of an issue in March 2024. Given that his funds were taken fraudulently, Mr G said he couldn't understand why he could not get them back.

## **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'm required to take into account relevant: law and regulations; regulators' rules, guidance and standards; codes of practice; and, where appropriate, what I consider to have been good industry practice at the time

I am sorry to disappoint Mr G but for the same reasons as the investigator I am unable to uphold his complaint. It's important to note that I am not considering a dispute between Mr G and L. My role is to consider whether Virgin, as Mr G's bank at the time, acted reasonably and in accordance with relevant law and regulations, regulators' rules, guidance and standards, and codes of practice; and, where appropriate, good industry practice at the time.

I've considered whether Virgin acted reasonably in telling Mr G it couldn't raise a chargeback. Chargeback is a way in which a card issuer (in this case Virgin) can dispute payments made on a card on behalf of its customer, for reasons which are specified in the rules of the relevant card scheme. In Mr G's case, the relevant card scheme was Mastercard. The scheme is organised and run through the overarching card scheme but customers wishing to use the service must go through their card issuer.

The chargeback scheme is voluntary, and banks are not under any formal obligation to submit a chargeback claim. But this service's view is that it is good practice for a bank like

Virgin to make a chargeback claim where the right exists, timescales are met and there is a reasonable prospect of success.

The Mastercard scheme's rules include timeframes in which a chargeback must be made. Where a service has been paid for and not provided, as here, and the delivery of the service was delayed to a date not specified by the merchant, the chargeback claim must be made within 120 days of the payment. If the time limit is exceeded, it is too late to attempt a chargeback. There is no provision for the timescales to be extended in exceptional circumstances.

In this case, it's clear that it is too late to raise a chargeback, irrespective of the fact Mr G was unaware of an issue until 2024. It follows that I don't think Virgin treated Mr G unfairly by failing to pursue a chargeback.

Banks should also be on the lookout for unusual and out of character transactions that could indicate that a customer is at risk of financial harm. Whilst I recognise the loss is significant to Mr G, I wouldn't expect Virgin to have had any concerns or intervened when Mr G made the payment. There's a balance to be struck between identifying payments that could potentially be fraudulent and minimising disruption to legitimate payments. Whilst banks have obligations to act in their customers' best interests, they can't reasonably be involved in every transaction. To do so would involve significant disruption to legitimate payments. But, even if Virgin had intervened, I don't think anything untoward would have been uncovered and Mr G would still have made the payment, as he was unaware the funeral plan hadn't been registered at the time of making the payment.

Overall, whilst I recognise Mr G has lost out through no fault of his own, I can't fairly require Virgin to reimburse him.

### **My final decision**

For the reasons stated, I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 28 May 2025.

Jay Hadfield  
**Ombudsman**