

## **The complaint**

Mr A complains that Clydesdale Bank Plc, trading as Virgin Money, won't refund the money he lost when he was the victim of a scam.

## **What happened**

In September 2023, Mr A was looking to book some flights and was contacted by a travel agent. He spoke to the agent, agreed on flight details and a price, and then made a payment of £1,677.99 using his Virgin Money credit card to pay for them.

Mr A received a booking confirmation for the flights, but then saw that the payment he'd made had gone to a different company than the travel agent he thought he was dealing with. He checked with the airline he was due to fly with, who he says confirmed the booking did not exist. So Mr A then reported the payment to Virgin Money and asked it to refund the money he had lost.

Virgin Money investigated but said it couldn't dispute the payment until after the flights Mr A had tried to book had been scheduled to take place. It paid him £50 as an apology for the poor customer service it had provided him, but didn't agree to refund the payment he had made. Mr A wasn't satisfied with Virgin Money's response, so referred a complaint to our service.

One of our investigators looked at the complaint. They thought Virgin Money was correct that it couldn't dispute the payment until after the flights were scheduled. And they said they wouldn't have expected Virgin Money to stop the payment and there was nothing further it could do to recover the money. So they didn't think Virgin Money should have to refund the payment Mr A had made. Mr A disagreed with our investigator, so the complaint has been passed to me.

## **What I've decided – and why**

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### *Did Virgin Money do enough to protect Mr A?*

Banks are expected to make payments in line with their customers' instructions. And Mr A accepts he made the payment here. So while I recognise he didn't ultimately receive the flight tickets he paid for, he did authorise the payment. And so the starting position in law is that Virgin Money was obliged to follow his instructions and make the payment. So Mr A isn't automatically entitled to a refund.

The regulatory landscape, along with good industry practice, sets out requirements for banks to protect their customers from fraud and financial harm. So, in line with this, I think Virgin Money 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 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 banks 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, 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.

And so I've also considered whether Virgin Money should have identified that Mr A was potentially at risk of financial harm from fraud as a result of this payment.

But the payment Mr A made here wasn't for a particularly large amount, or for an amount where we would usually expect a bank to identify a payment as suspicious based on its size alone. It was also a single payment, so wasn't part of a pattern of payments that we might expect a bank to identify as suspicious. And I don't think there was anything else about the payment that made it particularly suspicious either.

So I don't think it's unreasonable that Virgin Money didn't identify that Mr A might be at risk of financial harm as a result of the payment, and didn't intervene to carry out any additional checks before allowing it to go through. I don't think it's unreasonable that Virgin Money just followed Mr A's instructions and made the payment.

*Did Virgin Money do enough to recover the money Mr A lost?*

Once they have been notified of a scam, we expect businesses to take reasonable steps to try to recover any money their customers have lost – including making use of any available chargeback scheme. So I've also considered whether Virgin Money did enough to try to recover the money Mr A lost.

Virgin Money initially said it couldn't dispute the payment until after the date the flights Mr A tried to book were scheduled to take place. But, as that date has now passed, I've considered whether any dispute would likely have been successful.

A chargeback is a process by which card payments can be disputed with the merchant who took the payment – which in Mr A's case is the company he made the card payment to. And we only expect a business to carry out a chargeback where there is a reasonable chance of it being successful.

But the company Mr A made the card payment to is a legitimate travel company. And it appears that the payment he made was used to make a booking with this legitimate travel company – just not the booking Mr A thought he was making or a booking in his name. So the travel company don't appear to have been involved in the scam and don't appear to have done anything wrong. And so I don't think any chargeback against that company would likely be successful, and I don't think Virgin Money has acted unreasonably in not carrying out a chargeback against this travel company.

Any other attempt Virgin Money made to recover the money from the bank it was sent to would also be made to the bank for the legitimate travel company. And as I don't think the travel company did anything wrong, I also don't think anything else I would reasonably have expected Virgin Money to have done would have recovered the money Mr A lost.

I sympathise with the position Mr A has found himself in. He has been the victim of a cruel scam and I appreciate that my decision will come as a disappointment to him. But, for the reasons I've set out above, I don't think Virgin Money has acted unreasonably or that anything I would reasonably have expected it to do would have prevented this scam or recovered the money he lost.

### *Customer Service*

Virgin Money has accepted that it was initially unable to locate a number of documents Mr A sent it in the post. It apologised for this poor customer service and agreed to credit Mr A's account with £50 as compensation.

From what I've seen of its correspondence with him during this complaint, I do think there were times when Virgin Money's responses to Mr A weren't as clear as they could have been or were delayed. But I think the £50 it has agreed to pay is fair and reasonable compensation for the distress and inconvenience this poor customer service caused him. And so I don't think it would be fair to require it to pay anything further.

### **My final decision**

For the reasons set out above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 21 February 2025.

Alan Millward  
**Ombudsman**