

## **The complaint**

Miss M has complained about the way Clydesdale Bank Plc (trading as Virgin Money) handled attempted fraud on her account.

## **What happened**

Both sides are most familiar with the case, so I'll summarise things in brief.

A fraudster called Virgin impersonating Miss M. They passed security and changed the contact details on Miss M's credit card account. Virgin contacted Miss M on her original details to double-check whether these changes were genuine. Miss M confirmed they were not, so Virgin reversed the changes and prevented the fraudster from carrying out any further activity.

As a fraudster knew enough of Miss M's details to pass standard security, Virgin blocked the account and placed it under a higher level of security. But Miss M did not wish to complete the security process, so the credit card account remained blocked. In the meantime, Virgin put the account on hold and waived the interest. In the end, Miss M confirmed she would rather close the account anyway as she no longer trusted Virgin.

Miss M has expressed unhappiness with Virgin's security processes, both with them not placing additional security measures on the account before they knew about the fraud, and with them placing additional security measures after they knew about the fraud. She put forward suggestions on how she thought they should change their processes, questioned what would've happened had things gone worse, and was unhappy a different bank linked her address to the fraudster's.

Virgin didn't think they'd mishandled things, but offered Miss M £100 compensation as a goodwill gesture.

Our Investigator looked into things independently and found Virgin's offer to be fair. Miss M didn't agree, so the complaint's 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.

First of all, I do appreciate that Miss M was subjected to an incident of fraud. I can see the fraudster caused her a great deal of distress, for which she has my sympathy. It must have been most distressing to be targeted by a fraudster like this. I'm grateful to Miss M for being open and candid with us about how this matter made her feel.

It's worth keeping in mind that we're not the regulator – that's the Financial Conduct Authority (FCA). We don't oversee how the industry works, and we cannot make Virgin or the industry as a whole set different security processes. So I'm not best placed to comment on Miss M's suggestions for how she thinks the security processes should change. We're also not here to issue fines or to punish banks.

It's also worth keeping in mind that it's the fraudster who attempted the fraud, and so it's the fraudster who is primarily responsible for the attempt and the resulting stress. But in this complaint against Virgin, I can only look at what Virgin are responsible for. That's a key point here, because even if Virgin had blocked the fraudster earlier, it still would have been distressing for Miss M to be targeted by criminals like this. In all likelihood, Miss M still would've faced a level of anxiety about how she had been pursued, her account would still need to go through a security process while Virgin made sure it was safe, and she would still have needed to spend time talking to Virgin.

While banks should monitor accounts and try to keep them secure, a balance must be struck between identifying potential fraud and ensuring there's minimal disruption to legitimate activity. As such, it's not realistically possible to stop 100% of fraudulent activity. From what I can see here, the fraudster knew enough about Miss M to successfully pass security. As they passed security, it was reasonable for Virgin to treat them like Miss M – as far as they'd be able to tell at that point, they were Miss M. It seems that Virgin followed their security process. Further, I can see from Miss M's other case with the other bank that the fraudster already knew sensitive in-depth details about her. So it's likely they could've passed security even if different reasonable questions had been asked. As such, I find that it was the fraudster's actions which primarily caused this issue, rather than any failing by Virgin.

In order to provide an extra layer of protection, Virgin contacted Miss M using her original contact details to double-check whether the changes in details were genuine. Within minutes, Miss M confirmed that they were not, so Virgin reversed the changes and stopped the fraudster in their tracks.

In a case like this, my first concern is that Miss M hasn't suffered any tangible financial losses, such as fraudulent payments. But here, Virgin successfully kept her account secure, preventing the fraudster from receiving any new card, from learning any new details about Miss M, from making any payments, and so on. Miss M was able to keep her air miles, too. And Virgin held the account and waived interest while it was blocked. Ultimately, Miss M suffered no financial loss at all. Virgin handled that appropriately.

Miss M questioned what would've happened had she not received Virgin's notification or had something else gone wrong. But while I can understand her thinking, we only award compensation for things which actually happened, not for things which could've potentially happened in theory but didn't actually happen. And as set out before, we don't oversee or set the industry's security processes, so I'm not here to comment on Miss M's proposed changes to security systems.

Miss M also complained about her credit file being linked to the fraudster's false address. But that link was created by a different bank, not Virgin, in response to the fraudster's contact with that other bank. Virgin corrected her address on their end within minutes and did not report the incorrect address on her credit file. The other bank confirmed that they removed their link and that no more incorrect information is being reported on Miss M's file. Virgin are not responsible for the other bank and did nothing wrong there.

Once Virgin became aware that someone had stolen Miss M's identity, and that they knew so much about her they could pass standard security, it made perfect sense for them to increase the security level on her account. Of course they would be more careful with Miss M's account once they knew someone had Miss M's sensitive information. They were not treating Miss M like a criminal, as she suggested. It was reasonable for Virgin to keep the account blocked until the proper security process had been completed – they needed to keep Miss M's account secure in light of the attempted fraud. And they offered more than one way for Miss M to complete security. Ultimately, it was her choice not to do so, and in the end she wanted to close the account anyway. I don't find that Virgin got anything substantially wrong there either.

So I've not found that Virgin made any substantive failings which would warrant an award of compensation here. I find that Miss M's unfortunate distress was primarily caused by the fraudster. But Virgin have offered Miss M £100 compensation to acknowledge her stress and upset regardless. I find that's a fair way to resolve the matter.

### **My final decision**

For the reasons I've explained, I find that Clydesdale Bank Plc (trading as Virgin Money) have already made a fair offer to resolve the complaint. I don't make any further award.

This final decision marks the end of our service's consideration of the case.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss M to accept or reject my decision before 25 November 2024.

Adam Charles  
**Ombudsman**