

## **The complaint**

A company, which I'll refer to as B, complains that Clydesdale Bank Plc, trading as Virgin Money, won't refund a disputed transaction made from their account.

Mr D, who is a director of B, brings the complaint on B's behalf.

## **What happened**

B had an account with Virgin Money.

On 3 January 2024 a payment of £2,315 was made to a company I'll call L. On the same day Mr D phoned Virgin Money and raised a dispute about the payment.

Mr D explained to Virgin Money that B hadn't made any payments to L in the past. Mr D also highlighted that B had experienced fraud on several previous occasions via their Virgin Money account, which they found very disappointing. And he queried why an authentication code wasn't sent to B to confirm whether the payment was genuine.

Virgin Money raised a chargeback for fraud with L's bank, whom I'll call Bank C. But Bank C rejected the chargeback request, and Virgin Money didn't take this any further. They advised B that they wouldn't be refunding the transaction.

Mr D wasn't happy with Virgin Money's decision so complained. But, on reviewing their decision Virgin Money felt they'd acted fairly. They explained to Mr D that not all transactions require extra authentication and this transaction didn't raise any suspicions. Therefore additional verification wasn't required.

Mr D didn't accept Virgin Money's explanation and brought his complaint to our service.

One of our Investigator's looked into B's complaint. They identified that prior to the disputed transaction taking place a payment of £5,000 entered B's account from a business I'll call P. They asked Mr D for evidence of why B received these funds, and Mr D provided statements from P.

However, they concluded that Virgin Money acted fairly in declining the disputed transaction claim. They advised that the evidence they'd seen from Bank C, the lack of explanation for how L obtained B's card details and the number of previous fraud claims meant they thought the transaction was most likely authorised.

Mr D didn't agree. In summary he said:

- They've never made payments to L before
- They'd asked for additional security, including authentication codes, because of the previous fraud claims
- Due to the money being taken he's been unable to pay his tax bill

As Mr D didn't agree it'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.

DISP 3.5.9R(2) states that an ombudsman may accept information in confidence (so that only an edited version, summary or description is disclosed to the other party) where the ombudsman considers it appropriate.

Virgin Money made its submission in confidence. Our rules permit this; it's then for me to decide whether it's fair to rely on evidence that only one party has seen. It's not a one-sided rule; either party to a complaint can submit evidence in confidence if they wish to, and we'll then decide if it's fair to rely on it.

Here, the information is sensitive and on balance I don't believe it should be disclosed. But it's also clearly material to the issue of whether Virgin Money has treated B fairly. So I'm persuaded I should take it into account when deciding the outcome of the complaint.

The relevant legislation that applies here is the Payment Services Regulations (PSRs) 2017. According to this legislation in general consumers are responsible for transactions they've authorised and businesses are responsible for any unauthorised transactions.

The disputed transaction was authenticated via B's long card number and the card verification number. But, as Mr D's raised no further authentication was required. Despite this I'll still need to consider how a fraudster – or L – could have obtained B's card details, including the CVV, without their knowledge.

Mr D's advised our service that B's never traded with L before. And B didn't receive any phone calls, emails or text messages from L. Mr D's also not presented any other explanation for how L could have obtained B's details – apart from their business mainly operating online.

Prior to the disputed transaction B's account received £5,000 from their account with P. And these funds were used to make the payment to L. Our Investigator asked Mr D for evidence of where the £5,000 came from including invoices, evidence of orders made and dispatched – and he's provided several statements from P to show money received in smaller amounts from various customers. However, the evidence Mr D's supplied doesn't evidence what goods were purchased, and how these were provided – which I'd expect it to. And I think the questions asked of B were clear, and something I'd expect them to be able to provide.

When Mr D queried the disputed transaction Virgin Money raised a chargeback and contacted Bank C – something I'd expect them to do. I've seen a copy of Bank C's response – and I'm afraid I can't share in detail what Bank C advised Virgin Money. Having reviewed this evidence, and Virgin Money's reasons for not refunding the disputed transaction I'm satisfied it's reasonable for them to conclude that B authorised the transaction.

I understand that Mr D's querying why additional verification wasn't required – including an authentication code sent to his device. Virgin Money have advised that the payment didn't present as suspicious. I'm satisfied it's for Virgin Money to decide whether they think additional verification was needed – and having reviewed the payment, although it was made to a new payee I don't find it unduly large when comparing it to previous payments. For this reason I don't find Virgin Money's explanation unreasonable.

For the reasons I've outlined above I won't be asking Virgin Money to do anything further here.

### **My final decision**

My final decision is I don't uphold this complaint.

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

Jeff Burch  
**Ombudsman**