

The complaint

Miss W complains that Clydesdale Bank Plc trading as Virgin Money didn't do enough to protect her from the financial harm caused by an advance fee scam, or to help her recover the money once she'd reported the scam to it.

What happened

The detailed background to this complaint is well known to both parties. So, I'll only provide a brief overview of some of the key events here.

In September 2023, Miss W received a WhatsApp message from someone claiming to work for a recruitment company who told her about an opportunity which would involve reviewing hotels via "B", a well-known online booking site. She was then contacted by someone I'll refer to as "the scammer" who explained she was a representative from Company G. She told Miss W she'd receive training for the role which would involve completing review 'tasks' to boost the productivity of hotels in return for commission upon completion of sets of tasks. Miss W was satisfied that B was a genuine company and the scammer sent her a link for G, which appeared legitimate. She was also added to a group chat with other users who provided tips and shared their success.

The scammer instructed Miss W how to purchase tasks, and between 3 October 2023 and 6 October 2023, she made ten faster payments to seven different recipients from a newly opened account with "W", having transferred a total of £1,927.26 and £3,389.89 over thirteen payments from two accounts she held with Virgin Money. Miss W received four credits into her W account from the scam totalling £604, but she realised she'd been scammed when she noticed the price of the tasks increasing and she lost contact with the scammer after voicing her concerns.

She complained to Virgin Money because it didn't intervene when she made the payments, but it refused to refund any of the money she'd lost. It said all the transfers were marked as 'moving money to another account of mine', she was given warnings relevant to the type of transaction, and it had no reason stop the payments for further security as they were made using a trusted device to an account that had been verified as being in her own name.

Miss W wasn't satisfied and so she complained to this service with the assistance of a representative who argued that she was making high-value payments in quick succession to new recipients which should have been a red flag.

Her representative said the transactions were unusual because there was a sudden increase in spending, and Miss W was making large and unusual payments in quick succession. They argued Virgin Money's interventions were ineffective and that it should have contacted Miss W to ask effective and probing questions and, had it done so, as she hadn't been coached to lie it would have been apparent that she was falling victim to a scam. They further argued that there was enough suspicion that Banking Protocol (BP) should have been invoked.

Responding to the complaint, Virgin Money said the Contingent Reimbursement Model ("CRM") Code didn't apply as the funds were sent to an account in Miss W's name that she

had full control over. The transfers were marked as 'moving money to another account of mine', it provided relevant warnings, and it had no reason to intervene as the payments were made using a trusted device to an account that had been verified as being in her own name.

Our investigator didn't think the complaint should be upheld. She didn't think any of the payments were suspicious considering Miss W's normal account activity, noting she regularly used the account to move funds between her accounts. She noted that Virgin Money asked Miss W about the purpose of the payments, there was a Confirmation of Payee (COP) match, and she was satisfied this was proportionate to the risk presented by the payments.

She explained that the payment for £3,389.86 was processed from a second Virgin Money account which was regularly used to move money between Miss W's accounts, and even though it was slightly larger than other payments on the account, she didn't think it was significant enough to have warranted an intervention. And as Miss W didn't speak with Virgin Money at the time of the payment, she didn't think it missed an opportunity to identify the payment was being made in relation to a scam.

Finally, she was satisfied that Virgin Money did attempt to recover the funds once it was made aware of the fraud in November 2023, but as the funds were paid away from the account as part of the scam, there was no reasonable prospect of a successful recovery. And she didn't think Miss W was entitled to any compensation.

Miss W's representative has asked for the complaint to be reviewed by an Ombudsman arguing that the payment on 6 October 2022 for £3,389.86 was the largest transaction within a 12-month period and was out of character for the account's typical usage, so it should have triggered Virgin Money's fraud detection systems. Additionally, the transaction was made on the same day as five other transactions, which was highly unusual and indicative of fraud.

The representative acknowledged the accounts had a pattern of transferring funds between Miss W's own accounts, but they have argued that the cumulative amount and frequency of transactions within a short period should have raised concerns, a COP wasn't sufficient, and a more thorough investigation or direct communication might have prevented Miss W's loss.

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.

Having done so, I've reached the same conclusion as our investigator. And for largely the same reasons. I'm sorry to hear that Miss W has been the victim of a cruel scam. I know she feels strongly about this complaint, and this will come as a disappointment to her, so I'll explain why.

I'm satisfied Miss W 'authorised' the payments for the purposes of the of the Payment Services Regulations 2017 ('the Regulations'), in force at the time. So, although she didn't intend the money to go to scammers, under the Regulations, and under the terms and conditions of her bank account, she is presumed liable for the loss in the first instance. There's no dispute that this was a scam, but although Miss W didn't intend her money to go to scammers, she did authorise the disputed payments. Virgin Money is expected to process payments and withdrawals that a customer authorises it to make, but where the customer has been the victim of a scam, it may sometimes be fair and reasonable for the bank to reimburse them even though they authorised the payment.

I've thought about whether Virgin Money could have done more to prevent the scam from occurring altogether. It ought to fairly and reasonably be alert to fraud and scams and these payments were part of a wider scam, so I need to consider whether it ought to have intervened to warn Miss W when she tried to make the payments. If there are unusual or suspicious payments on an account, I'd expect it to intervene with a view to protecting Miss W from financial harm due to fraud.

I've thought about the payments in the context of whether they were unusual for the account, and I agree with our investigator that the first twelve payments (which were all from the same account) were low value payments to an account in Miss W's own name, so there was no reason for concern. The payment of £3,389.86 was the only payment from the second Virgin Money account and while I agree that it was significantly more than the payments she'd made from the first account, Miss W was sending the funds to an account in her own name and there was nothing suspicious about the payment, so even though it was the highest single payment from the account in the 12 months prior, I there would have been no reason for Wise to intervene. So, it didn't miss an opportunity to stop the scam and I can't fairly ask it to do anything to resolve this complaint.

Recovery

I don't think there was a realistic prospect of a successful recovery because Miss W paid an account in his own name and moved the funds onwards from there and the Contingent Reimbursement Model ("CRM") Code doesn't apply because Miss W was sending funds to an account in her own name.

Compensation

The main cause for the upset was the scammer who persuaded Miss W to part with her funds. I haven't found any errors or delays to Virgin Money's investigation, so I don't think she is entitled to any compensation.

Overall, I'm satisfied Virgin Money took the correct steps prior to the funds being released – as well as the steps it took after being notified of the potential fraud. I'm sorry to hear Miss W has lost money and the effect this has had on her. But for the reasons I've explained, I don't think Virgin Money is to blame for this and so I can't fairly tell it to do anything further to resolve this complaint.

My final decision

For the reasons I've outlined above, my final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss W to accept or reject my decision before 29 March 2025.

Carolyn Bonnell
Ombudsman