

## **The complaint**

Mr H is being represented by a claims manager. He's complaining about Clydesdale Bank Plc trading as Virgin Money because it declined to refund money he lost as a result of fraud.

## **What happened**

Sadly, in 2018, Mr H fell victim to a purchase scam. He believed he was buying a large amount of stock, from an overseas trader he found on an e-commerce website, that he'd be able to sell on at a profit. Unfortunately the items were never received and Mr H realised it was a scam when he was asked for a large additional sum for the goods to be released.

To fund the purchase, Mr H made two transfers to another UK bank account in his own name – one for £60,000 on 28 August and a second for £2,900 on 14 September – from his Virgin Money account.

Mr H has also complained about the actions of the bank that received these payments and I've responded to those concerns in a separate decision.

Our investigator didn't recommend the complaint be upheld. Ultimately, he didn't think any proportionate intervention by Virgin Money would have stopped Mr H going ahead with the payments.

Mr H didn't accept the investigator's assessment and his representative made the following key points:

- The amount of the payments meant that Virgin Money should have carried out further checks.
- There were a number of issues with the documentation that Mr H was given that should have alerted the bank to the likelihood of fraud.
- There were other red flags the bank should have been able to pick up on, including that Mr H was asked to make payments outside of the e-commerce website, the terms of the deal were unrealistic, he was under pressure to sign quickly and being asked to pay additional amounts for shipping that hadn't been discussed previously.
- If the bank had highlighted these issues, Mr H would have been alerted to the possibility he was being scammed and his losses could have been avoided.

The complaint has now been referred to me for review.

## **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 overall conclusions as the investigator. I haven't necessarily commented on every single point raised but concentrated instead on the issues I believe are central to the outcome of the complaint. This is consistent with our established role as an informal alternative to the courts. In considering this complaint I've had regard to the relevant law and regulations; any regulator's rules, guidance and standards, codes of practice, and what I consider was good industry practice at the time.

In this case, there's no dispute that Mr H authorised the above payment.

In broad terms, the starting position at law is that a bank such as Virgin Money is expected to process payments a customer authorises it to make, in accordance with the Payment Services Regulations and the terms and conditions of their account. In this context, '*authorised*' essentially means the customer gave the business an instruction to make a payment from their account. In other words, they knew that money was leaving their account, irrespective of where that money actually went.

There are, however, some situations where we believe a business, taking into account relevant rules, codes and best practice standards, shouldn't have taken its customer's authorisation instruction at 'face value' – or should have looked at the wider circumstances surrounding the transaction before making the payment.

Virgin Money also has a duty to exercise reasonable skill and care, pay due regard to the interests of its customers and to follow good industry practice to keep customers' accounts safe. This includes identifying vulnerable consumers who may be particularly susceptible to scams and looking out for payments which might indicate the consumer is at risk of financial harm.

Taking these things into account, I need to decide whether Virgin Money acted fairly and reasonably in its dealings with Mr H.

### *The payments*

I must take into account that many similar payment instructions received by Virgin Money will be entirely legitimate. And when deciding whether it should have suspected these payments could be part of a scam, I'm conscious the money was going to another UK bank account in Mr H's own name. And that this was a fairly new account, meaning there was only a limited history of past activity against which these payments might have looked suspicious. Further, I've seen no evidence Virgin Money was made aware Mr H could be a vulnerable customer.

Nonetheless, the first payment in particular was very large and I do think there's a case for saying Virgin Money should have contacted Mr H to discuss the circumstances of that payment before debiting his account. But no such intervention was attempted.

I've thought very carefully about what sort of intervention Virgin Money could have carried out and the effect this might have had. If it had contacted Mr H, I've no reason to believe he wouldn't have been honest about what the payments were for. This means the bank's agent should have been able to establish that he was buying a large quantity of clothing from overseas as part of his business.

In and of itself, this would have seemed a fairly normal proposition. In my view, all Virgin Money could reasonably have been expected to do was warn Mr H about the possibility of fraud and advise him to carry out the sort of checks his representative says he'd already done. These include for example checking the company's designs, obtaining samples of the goods and relevant documentation (including a bill of lading), and searching online to ensure the seller had no negative reviews. In the absence of clear evidence of fraud, I don't think

there was very much Virgin Money could have said that was likely to have dissuaded Mr H from going ahead.

Mr H's representative has pointed to some red flags it thinks Virgin Money should have picked up on but I don't accept those points. In particular, I wouldn't have expected the bank to have been able to identify whether the price he was being asked to pay for the goods was realistic. I also wouldn't necessarily have expected it to review the bill of lading and any other documentation he'd received. While his representative says this documentation contained a number of signs that it wasn't genuine, I haven't been able to review this as it's also told us Mr H no longer has it.

I want to be clear that it's not my intention to suggest Mr H is to blame for what happened in any way. He fell victim to a sophisticated scam that was carefully designed to deceive and manipulate its victims. I can understand why he acted in the way he did. But my role is to consider the actions of Virgin Money and, having done so, I'm not persuaded these were the cause of his losses.

### *Recovery of funds*

I've also looked at whether Virgin Money could or should have done more to try and recover Mr H's losses once it was aware that the payments were the result of fraud.

I understand Mr H first notified Virgin Money of the fraud several years after it took place. It's a common feature of most types of scam that the fraudster will move money very quickly to other accounts once received to frustrate any attempted recovery and I don't think anything that Virgin Money could have done differently would likely to have led to those payments being recovered successfully after this period of time.

In addition, the money went to a bank account in Mr H's own name. If Virgin Money tried to recover the funds, it could only have tried to do so from his own account and it appears all the money had already been moved on and, if not, anything that was left would still have been available to him to access.

### *In conclusion*

I recognise Mr H has been the victim of a cruel scam and I'm sorry he lost such a large amount of money. I realise the outcome of this complaint will come as a great disappointment but, for the reasons I've explained, I don't think any further intervention by Virgin Money would have made a difference to the eventual outcome and I won't be telling it to make any refund.

### **My final decision**

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 22 April 2025.

James Biles  
**Ombudsman**