

The complaint

Miss W complains that Clydesdale Bank Plc trading as Virgin Money ('Virgin') won't refund the money she lost after falling victim to a scam.

What happened

The background to this complaint isn't in dispute, so I won't go into detail.

In summary, Miss W met someone online - I'll refer to this individual as R. Miss W and R talked on a regular basis and a relationship developed. R said he was an IT manager and did some online trading.

After a couple of months, R suggested that he could help Miss W make some money through online trading. He said she only needed to start with £200 and got her to download an investment app.

Miss W says she watched her investment balance increase until it was around £22,000, when she tried to withdraw her funds. But Miss W was asked to pay tax and fees to enable the withdrawal, and when she couldn't afford to pay anymore, the scammer ended contact.

Unfortunately, R was a scammer, and Miss W hasn't received any of her investment back.

As part of the scam, Miss W was persuaded to take out a new Virgin credit card and complete a balance transfer to clear the balance on an existing credit card she held with another bank. The balance transfer was for £2,194.07.

Miss W raised a fraud claim with Virgin, asking that they refund her.

Virgin declined to refund Miss W, saying no payments were made to the scammer directly from her Virgin credit card, so they're not liable. Virgin say 60 days breathing space was given on Miss W's credit card, meaning she didn't have to make repayments and wouldn't be charged interest and fees. Virgin confirmed they had been contacted by a money advice charity regarding a payment plan.

Miss W wasn't happy with Virgin's response, so she brought a complaint to our service.

An investigator looked into Miss W's complaint but didn't uphold it. The investigator wasn't satisfied that Virgin were aware of her vulnerabilities at the time she applied for the credit card or the balance transfer. Also, the investigator didn't feel that Virgin should've intervened when the balance transfer was requested, so they couldn't be held liable for Miss W's loss.

Miss W didn't agree with the investigator's opinion, saying she was extremely vulnerable, and the scammer applied undue pressure to get her to invest. Miss W explained the serious impact this scam has had on her mental wellbeing and feels Virgin should've made her aware of this type of scam and done more to protect her.

As the case couldn't be resolved informally, it was passed to me to 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.

I'm really sorry to hear about the serious impact this cruel scam has had on Miss W's wellbeing, as well as the serious financial difficulties it's caused her.

But, having carefully considered all of the evidence, I'm not satisfied that I can fairly ask Virgin to refund Miss W. I'll explain why.

In broad terms, the starting position in law is that Virgin are expected to process payments that a customer authorises it to make, in accordance with the terms and conditions of the customer's account and the Payment Services Regulations 2017 (PSR's).

But, taking into account the law, regulators rules and guidance, relevant codes of practice and what I consider to have been good industry practice at the time, I consider Virgin should fairly and reasonably have been monitoring accounts and any payments made or received to counter various risks, including preventing fraud and scams.

Also, I'd expect Virgin to have 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). And where a potential risk of financial harm is identified, to have taken additional steps, or made additional checks, or provided additional warnings, before processing a payment.

Miss W has shared with us the personal circumstances that made her particularly vulnerable to the scam. But I haven't seen any evidence that Virgin were aware of Miss W's vulnerabilities at the time she applied for the credit card, or when she made the balance transfer. And, taking into account the size of the balance transfer and the information Virgin had available at the time, I wouldn't have expected them to have intervened or asked Miss W questions before processing her balance transfer request.

I appreciate that this is a lot of money for Miss W, but Virgin has to find a balance between identifying payments that might suggest a customer is at risk of financial harm (and appropriately intervening) and minimising disruption to legitimate payments. And, I'm not persuaded that Virgin should've been concerned when Miss W made her balance transfer request. So, I can't fairly hold them liable for her loss.

Have Virgin done enough to support Miss W once made aware of her vulnerabilities?

Once Virgin were made aware of the scam and the serious impact it was having on Miss W, I'm satisfied that it took appropriate steps to help and support her as a customer.

Having listened to the calls Miss W had with Virgin, they referred her to their specialist support team and put in place a breathing space of 60 days where she wouldn't need to make repayments on her credit card and wouldn't be charged interest and fees. This was to reduce the stress on Miss W and allow her time to work with a money advice charity to get an agreed repayment plan in place that took into account her personal financial circumstances. Virgin also referred Miss W to charities that may be able to provide her with additional support and suggested she contact her doctor.

These were appropriate steps for Virgin to take and what I would expect in these circumstances. I would also expect Virgin to continue working with Miss W and the money advice charity in relation to the repayment of the credit card balance.

I know that Miss W will be extremely disappointed, but I'm not satisfied that I can fairly ask Virgin to refund her.

My final decision

My final decision is that I don't uphold this complaint against Clydesdale Bank Plc trading as Virgin Money.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss W to accept or reject my decision before 6 June 2025.

Lisa Lowe
Ombudsman