

The complaint

Mr C complains that Clydesdale Bank Plc trading as Virgin Money (Virgin) should have stepped in and supported him when he was at his most vulnerable but instead treated him negligently. Mr C said he wants to be compensated as he's been left in a very dark place.

What happened

Mr C said the last year has been the worst of his life and he took to gambling as an escape. He deeply regrets this as he says it has ruined his life. He said he has lost over £40,000, which Virgin would have seen going through his account, but it hasn't supported him at all.

Mr C said he contacted Virgin about his gambling in July 2024 and requested support as his finances were impacting his and his family's health. He said he fully explained his situation the following month, but didn't receive Virgin's response. He understood an alert was put on his account about his problem. He said Virgin then told him his complaint was resolved with a goodwill gesture of £50. Mr C said he should have been advised to go to a branch for help.

Mr C said it would take him almost two years to earn his gambling losses and alarm bells should have gone off and prompted Virgin to intervene. He said he received family loans which he spent on gambling via his Virgin account and his outgoings exceed his income. Mr C made chargeback requests for gambling transactions from his account, *'due to being failed by some of these companies but also due to faulty servers which set me up for loss'*.

Virgin didn't uphold Mr C's complaint. It said there was no facility in place to trigger an alert if a customer is gambling: *'Our systems will only flag transactions if there are fraud concerns or if there are transactions which require some further checks'*. Virgin said, as discussed with Mr C and in its previous response, there are organisations available to help people who have identified a gambling problem as shown on its website. Virgin also suggested Mr C self-exclude from gambling sites by visiting an online service.

Mr C wasn't satisfied with Virgin's response and referred his complaint to our service. He highlighted the sudden change in his spending and that most transactions were at night and early morning. He said his gambling was extremely out of character as he had always properly managed his finances before with £7,000 savings.

Mr C said he would have benefited from Virgin's intervention as he had become depressed. He said he'd been the victim of a crime some years ago and was struggling to cope since seeing one of the perpetrators again. He said a family member has incurable cancer and his partner's father had also been very ill and he felt he couldn't turn to her. He set out his expenditure from January 2024, with a dramatic increase in spending, to July 2024 and said his debits were more than he would earn in a decade.

On this point Virgin said: *'We have an automatic system that monitors all transactions that are made by our customers. In this case, the system did not see anything wrong with these payments and allowed them to be processed as you had sufficient funds in your account.'*

Our investigator didn't initially recommend the complaint be upheld. He said Virgin had no reason to review Mr C's account or contact him unless transactions generated a fraud alert or unusual activity. He said this wasn't the case as there was a long-term, consistent pattern to Mr C's gambling. The investigator said Virgin hadn't done anything wrong when declining Mr C's chargeback requests as there's no evidence to support Mr C's contention the gambling site made winning less likely, but he should contact the Gambling Commission.

The investigator provided copies of two letters from Virgin to Mr C regarding his account activity, dated 19 March 2024 and 23 April 2024, stating: *'It has come to our attention that some of the information provided at account opening may not be in line with the expected activity of the account'*. Mr C said he hadn't not received these letters, but they were sent.

Mr C disagreed with the investigator and referenced another decision by our service where a gambling complaint was upheld, which Mr C said involved identical circumstances. He said the only help from Virgin was a £4,000 loan in January 2024 and £3,000 from another lender the next month. He said he had three pay day loans totalling £1,670 and large family loans.

Virgin said Mr C's loan application was checked for affordability and repaid in April 2024. Virgin said if Mr C had raised any concerns, or if it was apparent he was having difficulties managing his account, it may have offered support. But it said the account was well managed and there were no unauthorised overdraft fees until August 2024.

The investigator reconsidered the complaint and recommended it be upheld. He said there was a noticeable change in the pattern of transactions and Virgin sent Mr C two letters about this. Virgin conducted a 12-month review and decided there were no money laundering issues, however, during this period Mr C's gambling transactions had greatly increased, and Virgin should've identified that he was vulnerable and may have needed support.

The investigator said Mr C spent his own money on gambling and Virgin asked him to make contact, and so it didn't have to refund his gambling losses. But Virgin could have done more to support Mr C in line with the Financial Conduct Authority's (FCA) Consumer Duty. And his account statements show he stopped gambling after a discussion with Virgin and details of third-party organisations. The investigator recommended Virgin pay Mr C £1,000 for its failings and refund interest and charges from March 2024 when it reviewed his account.

Mr C was still not satisfied and requested an ombudsman review his complaint. He said he really feels Virgin failed him and totally ignored clear signs of his mental breakdown. He said Virgin should be responsible for his gambling losses so he can get his life back.

Virgin also disagreed with the investigator and requested an ombudsman review the complaint. Virgin said where addiction is involved, help follows acceptance of the issue from the addict and Mr C only made contact after his account went into debit and couldn't fund his addiction. Virgin thought Mr C received its letters in March and April 2024 but may not have wanted to discuss his issue and this might have been the same had it called him at the time.

Virgin said it reviewed Mr C's account and saw no fraudulent activity or money laundering. The account wasn't in debit, and it can't dictate Mr C's spending. Virgin said *'at the point of our review, gambling credits totalled £71,300 against the gambling debits totalling £70,300. From this, we saw no reason for any other action at the time'*. Virgin said Mr C then stopped using his Virgin account and so it couldn't be sure his gambling activity had stopped.

Virgin said compensation of £1,000 is unjustified as our guidance describes this for the impact of a mistake which has caused substantial distress, upset and worry – even a serious offence or humiliation: *'There may have been serious disruption to daily life over a sustained*

period, with the impact felt over many months, sometimes over a year'. Virgin said it hadn't made a mistake and Mr C has suffered as a result of his gambling addiction.

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.

Mr C has explained the effect the personal and family-related issues had on his decision making and mental health. He said he can't believe he has bet all the money, but had fallen into depression. I was sorry to learn about Mr C's gambling addiction and the personal and family problems he has described to us. I am pleased to hear that he is now receiving counselling, and I hope he can beat his addiction.

Mr C said he recognised that he should have stopped gambling but had an addiction. He said this should have been obvious to Virgin from his account transactions and it could have stepped in and supported him at a time when he was at his most vulnerable. Mr C said Virgin has *'breached FCA and the Financial Ombudsman Service requirements and guidance by failing to identify astronomical transactions, changes in behaviour and potential for customer vulnerability'*.

Virgin said for the year of its review Mr C's gambling credits exceeded his debits. More specifically, Mr C said his account activity was outside his usual spending pattern from January to August 2024 and he set out his monthly spending. He said he was spending more than his own money and living way beyond his means, but Virgin failed to intervene.

From Mr C's statements I can see his gambling debits in January 2025 greatly exceeded the previous month and he needed a loan from Virgin to stay in credit. Mr C obtained another bank loan the next month and substantial loans from his family. He used these to fund his gambling and pay back the loan from Virgin. I would have expected this abnormal pattern of spending to be a cause of Virgin's review of Mr C's account. Following this, Mr C's pattern of spiralling gambling debits, funded largely by loan payments, continued until he said he couldn't cope any longer and reached out to Virgin.

Banks are required to intervene in transactions where there is a suspicion of fraud but won't be liable for customers' spending patterns and can't stop customers making authorised debit payments. Virgin pointed out that it had written to Mr C twice at his address about unexpected account activity. However, these letters didn't mention gambling and there was no follow-up from Virgin when Mr C didn't respond.

In terms of banks' responsibilities, it is worth reiterating that their underlying requirement is not to control what a customer is spending their money on and facilitate legitimate payments. There remains a high level of personal responsibility on the consumer to address their harmful gambling. Mr C says he has now self-excluded from gambling operators and I hope he maintains this approach as it appears to be the most effective means to tackle the issue.

So far as Mr C's gambling losses are concerned Mr C was making decisions about his own money and I have found no reason to make Virgin responsible for Mr C's gambling losses. Banks don't generally monitor customer accounts for gambling activity as a matter of course as it's a legitimate activity. In common with other banks, Virgin is not likely to act on a potential vulnerability unless it becomes aware, or is made aware of a problem. Mr C made Virgin aware of his vulnerability in July 2024, but not before as he was in an extremely bad place.

From July 2023 the Consumer Duty introduced by the FCA requires businesses to consider customers' vulnerabilities and we expect banks to help customers who reach out with problems such as gambling addiction. Supporting customers that are in financial difficulty may require banks to be proactive in contacting customers where vulnerabilities are evident, and I've considered whether Virgin should have done this. I have also thought about what difference this might have made to Mr C had Virgin intervened earlier.

I take Mr C's point that his gambling was unsustainable for several months, with consistently large gambling transactions as a consistent part of his activity. Virgin makes the point that his account activity didn't suggest financial difficulties, which would have caused it to intervene. I can see why Virgin decided the account was not out of control as regular credits were made. Virgin loaned Mr C £4,000, but this was repaid quickly, and it would not have been aware of the family loans Mr C received.

Although Virgin only had part of the picture before Mr C raised his concerns, I think there was a defined period of account activity from January to July 2024 when Mr C's gambling transactions reached such a peak that Virgin's automated or manual systems should have caused it to intervene, as it did when Mr C then made contact.

Virgin clearly had concerns sufficient to send Mr C two letters inviting him to make contact. I agree with the investigator, that although Mr C's account was in credit, Virgin's manual review ought reasonably to have identified that their customer was in a position of foreseeable harm. I think that Virgin should have intervened earlier.

Mr C said if Virgin had intervened and addressed his gambling he would have stopped, and the investigator agreed. Mr C has described how he found its call handler extremely understanding and empathetic and that he really appreciated her listening.

Mr C would have received many warnings about harmful gambling as a requirement on the gambling operators he used. However, unlike many banks Virgin does not offer its customers the option to block specific transaction types and so this measure was unavailable to Mr C. Virgin said some banks offer a "Cool Off Period" where customers can lift a restriction for a type of spending, but transactions will still be declined until the period ends, but it does not offer its customers this facility.

From this it doesn't appear that Virgin account holders can use the gambling restriction tools on their accounts to prevent making payments to gambling operators.

It would appear that following Virgin's belated intervention Mr C no longer makes gambling transactions from his Virgin account. I have checked and Mr C self-excluded from gambling via a website service in September 2024 and this is ongoing. I also checked and Mr C is receiving therapy for his gambling addiction.

In respect of Mr C's reaction to Virgin's communications and the actions he took afterwards to beat his addiction, I think earlier intervention by Virgin is likely to have made a difference to Mr C's gambling. It follows that I consider Virgin to have provided Mr C with poor service and has not met its duty of care towards vulnerabilities under the Consumer Duty.

With the impact felt by Mr C over several months, I think the £1,000 compensation recommended by the investigator is about the right sum to reflect the effects of this poor service on Mr C. I also think it fair for Virgin to refund interest and charges applied to Mr C's account from when it reviewed his account in March 2024, as I think it should have intervened at least at that point.

Mr C referred to another decision by an ombudsman at our service where a reimbursement of gambling losses was awarded. Mr C said the circumstances are identical. I disagree.

Mr C has identified one of the tiny number of complaints where our service has made an award for gambling losses. In the case to which he refers there was gambling activity for three months, outside usual spending patterns for the previous three years. The harmful gambling represented a pivotal change on a specific day and big transfers between accounts followed. The consumer provided a detailed psychiatric report about the health issues experienced. The consumer's gambling abruptly stopped at the end of three-month period demonstrating an extraordinary episode in his spending behaviour.

I have considered Virgin's decisions on Mr C's chargeback requests to gambling operators. Mr C's claim that the gambling operators did not intervene to prevent harmful gambling, and that the sites were operated unfairly, are not reasons for Virgin to chargeback the transactions to Mr C. If Mr C is still dissatisfied about the gambling websites he used, then he should report this to the UK Gambling Commission.

Our service investigates the merits of complaints on an individual basis, and that is what I've done here. I think it's important to explain that my decision is final. I realise that Mr C and Virgin will be very disappointed by this outcome though I hope they appreciate the reasons why I consider this to be a fair and reasonable outcome. By rejecting this decision all options remain open to Mr C including legal action should he wish to pursue this approach.

My final decision

For the reasons I have given it is my final decision that the complaint is upheld in part. I require Clydesdale Bank Plc trading as Virgin Money to pay Mr C £1,000 compensation, (over and above the £50 Virgin has already paid him) for his distress and inconvenience. I also require Virgin to refund interest and charges applied to Mr C's account from when it reviewed his account in March 2024.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 19 June 2025.

Andrew Fraser
Ombudsman