

The complaint

P, a limited company, has complained Clydesdale Bank plc, trading as Virgin Money, did nothing to identify and stop a fraudulent payment being made to one of their customer's accounts.

What happened

P operates as a small business overseas and trades with UK-based companies.

In early 2024, P put in an order with a genuine company for items on behalf of a customer. They paid 10% as a deposit and would pay the remainder on delivery of the ordered items. Over a four-month period, P was in correspondence supposedly with this company (who I'll call K). P was told that this company had revised bank account details following routine checks being carried out by their main bank. In July 2024 P sent \$21,921.39 to this company's revised account held with Virgin Money.

Within a short period, P after speaking to the genuine supplier realised they'd been the victim of an invoice email-related scam. This company contacted Virgin Money to tell them this. Virgin Money blocked K's account which was a sole trader account. They also contacted the payment services institution that K had sent £16,000 to on the same date they'd received the payment from P. No funds were available except just over £60 which was returned to P.

P took their complaint to a claims management company. They lodged a complaint with Virgin Money as they believed they should have identified this account set-up as potentially fraudulent and then stopped the credit P sent to K's account. Virgin Money didn't feel they'd done anything wrong.

P's representatives brought their complaint to the ombudsman service.

Our investigator reviewed the evidence Virgin Money provided about their customer who had received P's money fraudulently. She didn't believe they'd done anything wrong in not identifying this payment as potentially fraudulent.

P disagreed with this outcome and has asked an ombudsman to consider their complaint.

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 outcome as our investigator. I'll explain why.

Where there is a dispute about what happened, I have based my decision on the balance of probabilities. In other words, on what I consider is most likely to have happened in the light of the evidence.

When considering what is fair and reasonable, I'm required to take into account: relevant law and regulations; regulators' rules, guidance and standards; codes of practice; and, where appropriate, what I consider to have been good industry practice at the relevant time.

To help me come to a decision, I've reviewed the evidence provided by P which includes the emails between them and K which continued over a prolonged period. From those emails, I can confirm that P was the victim of a sophisticated scam, and it would have been difficult for them to identify that a scam was happening.

I've also had the benefit of Virgin Money's evidence showing how their customer set up their account and what they knew about that customer's account behaviour.

I don't believe Virgin Money would have been expected to identify and stop the payment received by their customer on 26 July 2024 totalling £16,641.15. I say this because:

- When the account was set up, annual business turnover was estimated to be £150,000. Usage of this account for the six months it had been open had been relatively low-value. But I can also see there had recently been three credits made to the account. Whilst the value of these three credits was lower than the payment from P, I believe Virgin Money may have considered this showed genuine business use.
- The account was set up in the name which matches the payment P made. This wasn't a limited company but set up as a sole trader account.
- There was only one credit from P. This wasn't high-value in terms of potential business credits and on its own I see nothing which would have alerted Virgin Money that this was being made as part of a scam.

I appreciate that P has paid over considerable funds as the result of a scam but I don't believe it would be fair to ask Virgin Money to reimburse them.

My final decision

For the reasons given, my final decision is not to uphold P's complaint against Clydesdale Bank plc, trading as Virgin Money.

Under the rules of the Financial Ombudsman Service, I'm required to ask P to accept or reject my decision before 26 November 2025.

Sandra Quinn
Ombudsman