

## The complaint

Mr K complains that Clydesdale Bank Plc trading as Virgin Money won't reimburse money he lost when he fell victim to an investment scam.

## What happened

Mr K decided to invest in what he thought was a genuine investment opportunity – based on his and his brother's online research. Using telephone banking Mr K transferred over £30,000 from his own account to what he thought was an investment platform.

Unfortunately, those funds were instead transferred to accounts controlled by scammers. Mr K realised he had been a victim of a scam when he was asked to pay withdrawal fees and was unable to access his funds.

Payment Number	Date	Amount
1	3 August 2020	£8,000.00
2	6 August 2020	£10,000.00
3	30 October 2020	£11,500.00
4	3 November 2020	£600.00
		£30,100.00

Our investigator didn't uphold the complaint. He accepted that Virgin Money asked Mr K additional questions regarding the third transaction and acknowledged that it could have intervened more and asked further questions during the first two transactions. However, he wasn't persuaded that additional interventions by Virgin Money would have prevented Mr K's loss as there was little information available at the time that would have indicated that a scam was taking place.

Mr K's representative has asked for the matter to be referred for a decision arguing that Virgin Money didn't do enough and that it should have asked more probing questions. They also feel the warning wasn't specific enough.

## 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 agree with the investigator's conclusions for the following reasons:

I have kept in mind that Mr K made the payments himself, and that the starting position is that Virgin Money should follow its customer's instructions. So, under the Payment Services Regulations 2017 (PSR 2017) he is presumed liable for the loss in the first instance. There's no dispute that Mr K was scammed, but although he didn't intend his money to go to scammers, he 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.

### *Prevention*

I've considered longstanding regulatory expectations and requirements, and what I consider to be good industry practice for firms when processing payments. In line with this, Virgin Money ought to have been on the look-out for the possibility of fraud and made additional checks in some circumstances.

Additionally, where there are unusual or suspicious payments on Mr K's account, I'd expect it to intervene and protect him from fraud-related financial harm. I can see Virgin Money intervened on 30 October 2020 and so I've considered if it should have intervened earlier and if this intervention went far enough.

Mr K's payments to the scam were generally high-value and involved a new payee. They're also dissimilar to the payments he made in the previous 12 months, So I think Virgin Money ought to have intervened from the first payment and given a tailored investment scam warning.

However, given how Mr K reacted to the warning he was given on 30 October 2020, it appears any earlier intervention — even one that was more thorough — wouldn't have likely made a difference. I'll explain.

Virgin Money only intervened for the payment on 30 October 2020. To determine if earlier intervention would have made a difference, I've considered how Mr K reacted to the warning Virgin Money gave him on 30 October 2020 and how he would have reacted if Virgin Money has asked more probing questions as it should have done so. Having considered all the evidence available, I think earlier intervention wouldn't have made a difference for the following reasons.

On 30 October 2020, Virgin Money asked Mr K if he had been pressured into making the payment or if someone was asking him to move the money to another account. Mr K answered "no" to these questions. He was also warned that if he made the payment and it turned out to be a scam it was unlikely that his money would be recovered. Despite the scam warning, Mr K proceeded to make the payments

I don't think Virgin Money's intervention and warning was proportionate to the risk. It should have also asked Mr K about the purpose of the payments, whether there was a third party involved and, if so, who they were and how he came into contact with them.

I'm satisfied that if Mr K had been asked more probing questions, he'd have answered truthfully because there's no evidence of him having misled the bank before or that he was told to lie by the scammer. And I think he'd have told Virgin Money that he decided to invest using a broker after completing his own online research, and it was Mr K and/or his brother who contacted the scammer.

However, I think Mr K would have been able to demonstrate that, at the time of the transaction, there were no concerns regarding the investment company. This was supported by the online research available at the time, which revealed no warnings on the Financial Conduct Authority ("FCA") or International Organisation of Securities Commissions ("IOCSO") websites that might have alerted Mr K or Virgin Money to the possibility of a scam. Importantly, Mr K had contacted the company (rather than being approached unexpectedly). It should also be noted that the decision to invest a significant sum of money is not, in itself an indicator of fraudulent activity. Considering the circumstances of the scam, I am satisfied that Mr K responses would reasonably have reassured Virgin Money about the transactions, and they would not have been sufficient to expose the fraud.

I would still expect Virgin Money to have warned Mr K about the risks associated with investing and to discuss with him the nature of the checks he'd undertaken and to potentially give some advice on additional due diligence. But, reviewing the messages between Mr K and the scammer, I can see that he put a lot of trust in the scammer and didn't question the investment. In fact, it looks as if he was the one who suggested transferring the first £10,000. This shows me that he was putting a lot of trust in the scammer's expertise and was following their guidance. Given this I'm not persuaded additional questions or warnings from Virgin Money would have been enough to dissuade Mr K from completing the transfers.

Consequently, even though I think Virgin Money should have intervened sooner than it did, I'm not satisfied this represented a missed opportunity to prevent Mr K's loss.

### *Recovery*

I'm not persuaded there were any prospects of Virgin Money successfully recovering the funds, given that when they contacted the recipient banks the funds had been transferred on and there were no funds in the recipient accounts.

### *Compensation*

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

### **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 K to accept or reject my decision before 21 October 2025.

Sureeni Weerasinghe  
**Ombudsman**