

The complaint

Mr H complains that Clydesdale Bank Plc trading as Virgin Money (Virgin Money, hereinafter) hasn't refunded the losses he's incurred when he says he fell victim to an investment scam.

What happened

Mr H was approached about an investment opportunity with a party I'll refer to as Company T. Company T presented itself as a bullion trader that bought pure gold from abroad and then sold it in the UK at a profit.

Mr H was offered to make a one-year investment which would guarantee him a net profit of £6,000 by the end of the investment term. After conducting some research into Company T, Mr H decided to invest.

Mr H made the following payments to Company T:

28 October 2021	£5 (faster payment to Company T's account)
28 October 2021	£9,954.40 (faster payment to Company T's account)
28 October 2021	£10,000 (faster payment to Company T's account)
19 March 2022	£486.85 (faster payment to Company T's account)

Soon after the last payment, Company T stopped replying to Mr H's calls. Mr H visited the company's premises, which were local to him, and saw they were shut down. Mr H said that later on Company T's director was arrested due to allegations of fraud and Company T went into liquidation.

So, Mr H thinks he fell victim to an investment scam. However, he wasn't aware he could report this to his bank until much later. So, Mr H only reported the scam to Virgin Money on 9 October 2024.

Virgin Money decided to refund the last payment, given it was made after Virgin Money had officially signed up to the Contingent Reimbursement Model (CRM) Code. However, it said it didn't think the earlier transactions were out of character and that Mr H had failed to carry out enough checks before committing to the investment, so it declined to refund the rest of the loss.

So, Mr H referred the complaint to the Financial Ombudsman Service.

Our Investigator found that there wasn't enough evidence to say that Company T was acting as a scam operation at the time of Mr H's payments. So, they didn't think Virgin Money should be responsible to refund Mr H's remaining loss.

Mr H disagreed with our Investigator's view and said their position was in direct contradiction with Virgin Money's decision to partially refund him for his loss, and acceptance he had fallen victim to a scam. Moreover, Mr H said that his payments were out of character, and he was vulnerable due to his mental health when he made them, meaning Virgin Money should refund him.

In light of this disagreement, I have been asked to review everything afresh and reach a decision on the matter.

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 aware that I've summarised this complaint briefly, in less detail than has been provided, and in my own words. No discourtesy is intended by this. Instead, I've focused on what I think is the heart of the matter here. And if there is a submission or point that I've not addressed, it isn't because I've ignored it. I'm satisfied I don't need to comment on every individual point or argument to be able to reach what I think is the right outcome. Our rules allow me to do this. This simply reflects the informal nature of our service as a free alternative to the courts.

Where the evidence is incomplete, inconclusive, or contradictory, I must make my decision on the balance of probabilities – that is, what I consider is more likely than not to have happened in the light of the available evidence and the wider surrounding circumstances.

Virgin Money is expected to process authorised payment instructions without undue delay. But as a bank, it also has long-standing obligations to help protect customers from financial harm from fraud and scams.

However, any reimbursement, whether under the CRM Code (covering the last payment only) or in consideration of other industry guidance and best practice, would be reliant on finding that the customer had been the victim of a scam. Reimbursement would not be due where the evidence shows that the customer instead has a civil dispute with the party they paid.

Such a civil dispute would include scenarios where agreements were not fulfilled, or where investments collapsed, as a result of a firm failing and going into administration.

I've therefore considered whether Mr H was a victim of a scam when making payments to Company T.

In order to conclude that the payments Mr H made were part of a scam, I'd need to be reasonably satisfied, from the available evidence, that Company T set out to defraud him from the start.

But I don't think, based on what I've found, that I can safely conclude that. I say this because:

- Mr H hasn't provided sufficient evidence of his agreement with Company T before making the payments. I understand that investment performance and returns documents were sent to him and that there were conversations with Company T's director on social media messaging platforms, which are no longer available. The single chat screenshot Mr H sent to our service suggests that he was going to purchase 470 grams of pure gold for £20,369.80, but that isn't enough information to assess whether Company T made any misleading statements or set out to defraud Mr H at the point of making the payments.
- Mr H told us that Company T's director was arrested and sent to prison, but he could not provide any supporting evidence of this. He shared the link to a local newspaper

article that makes no mention of Company T or its director. Our Investigator asked Mr H to get more information from the police so that we could take it into account, but Mr H wasn't able to share any more details. From my own research, I haven't been able to identify any proof that Company T's director was charged or convicted of any fraud offences linked to Company T's operations. So, I can only place very limited weight on this information.

- Company T was incorporated in August 2019 and correspondence from HMRC from December 2019 shows it had a valid EORI number as a gold trader and was VAT registered. The HMRC correspondence further clarifies Company T was authorised to import gold bars and manufacture gold jewellery from them. This supports that Company T was more likely than not a genuine gold trader and jewellery manufacturer.
- Mr H also told us he spoke with several members of his community who had invested before him, and all of them vouched for Company T, stating they had received the returns they had been promised. This testimony also supports that Company T was, on the balance of probabilities, a genuine gold trader at the time of Mr H's investment.
- I'm limited in the information I can share about the receiving bank statements I reviewed due to data protection reasons. However, I can confirm that the financial activity therein at the time of Mr H's payments appears to show that investors' funds were being used for the purpose agreed with Company T.
- Mr H made the point that Company T may have started out as a genuine business, which later turned fraudulent. However, I would need to see very persuasive evidence of this change of conduct, as well as evidence that this happened before or at the time of Mr H's investment, to say that, more likely than not, Mr H fell victim to an investment scam. Unfortunately, to date, I haven't seen any such compelling evidence to say that these events would likely meet the high legal threshold and burden of proof for fraud.
- Mr H is adamant that, had Virgin Money intervened on the payments of 28 October 2021, he would not have proceeded with them, especially as the investment wasn't regulated by the FCA. However, I disagree that Virgin Money would have, more likely than not, been able to dissuade Mr H from proceeding with the payments. I say this because, firstly, investments in gold bullions aren't regulated by the FCA, so I don't think that Company T not being regulated would have necessarily raised any suspicion with the bank. Secondly, according to Mr H's testimony, he had reviewed documentation about how Company T operated which supported it was a genuine gold trader. Thirdly, Company T was well known within Mr H's community and the investment had been endorsed by some of its members, who had told him they had received the returns they had been promised.
- So, even if Company T turned out to be fraudulent later down the line as Mr H suggested, I think that, more likely than not, this could not have been detected by Virgin Money at the time the payments were made and, overall, a proportionate warning would not have prevented the payments from leaving Mr H's account.

This is not to say that there is no issue at all between Mr H and Company T, as I recognise Mr H is severely out of pocket as a consequence of these events.

Virgin Money accepted this was a scam and refunded the last payment Mr H made to Company T. I acknowledge that I've reached a different conclusion with my decision as to

whether Company T was operating as a scam at the time of Mr H's payments.

However, the Financial Ombudsman Service is an independent and alternative dispute resolution service and, as such, we need to conduct our own investigation of the facts.

As I've mentioned above, I need to come to my own independent conclusion as to whether the evidence before me is enough to find that, on the balance of probabilities, a scam has occurred in this instance. And for the reasons I've explained, I'm not persuaded this is the most likely scenario here.

I also acknowledge that Mr H was going through a difficult time and was unwell when he made these payments. But it doesn't appear that Virgin Money was on notice of any such issues at that point. And in any event, I would not have expected Virgin Money to identify that Mr H was at a heightened risk of suffering from financial harm on the basis of this information alone.

On balance, I haven't found the evidence shows this was an authorised push payment scam covered by the CRM Code or any other industry guidance and best practice, so I do not find Virgin Money is liable to refund Mr H on this occasion.

My final decision

For the reasons given above, 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 19 January 2026.

Daria Ermini
Ombudsman