

The complaint

Ms B complains that Clydesdale Bank Plc trading as Virgin Money won't refund the money she lost as the result of a scam.

Ms B has been represented in her complaint by a firm of solicitors.

What happened

The background to the scam is well known to both parties, so I'll simply summarise it here. Briefly, Ms B found an advert on social media for an investment opportunity. After submitting her details, she was contacted by a "broker". Unfortunately, the broker eventually turned out to be a scammer, and I'll refer to them as "the scammer" in this decision, even though I appreciate that Ms B wasn't aware at the time that that's who she was dealing with.

Ms B says the scammer's website looked very professional and showed live graphs and trades. She was required to provide her official ID to register, and was then given login details, allowing her to access a trading dashboard where she could see her profits.

The scammer was in frequent contact with Ms B, and provided guidance and updates, which she says helped to build her trust. After an initial investment appeared to generate significant profits, Ms B invested further. But when she asked about withdrawing money, she was told she'd need to pay more, as a security deposit. She says she was suspicious about this, but given the amount of money she'd already invested, and the pressure the scammer put her under, she made a further payment. But the scammer then became unresponsive, and Ms B could no longer access her funds. It was at this point that she realised she'd been scammed.

After an initial payment of £220 on 11 January 2021, which she hasn't complained about, Ms B made the following payments by debit card from her Virgin account to her wallet at C, a cryptocurrency platform.

	Date	Amount
1	21 January 2021	£2,600
2	10 February 2021	£3,000
3	3 March 2021	£3,000
4	6 April 2021	£7,500
	Total	£16,100

The funds were then transferred out of Ms B's cryptocurrency wallet to an account held by the scammer.

Ms B's representatives say, in summary, that the payments were uncharacteristic for her, and there were numerous red flags which ought to have prompted Virgin to intervene. They say Virgin missed significant opportunities to provide effective warnings that could have prevented Ms B's loss.

One of our investigators considered the complaint, but didn't think it should be upheld. In summary, she didn't think there were signs about the payments which should have prompted Virgin to have intervened. And she said that Ms B had reported the scam to Virgin too late for it to raise a chargeback claim on her behalf, but a chargeback would have had no real prospect of success even if it had been raised in time.

Ms B disagreed with the investigator's view, so the complaint's been passed to me.

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 conclusion as the investigator, and for broadly the same reasons.

Although I've only summarised the evidence and arguments above, I've read and taken into account everything that both parties have provided. That includes the detailed submissions provided by Ms B's representatives. I am not going to respond specifically to each point made. Instead, I've focused on what I think are the key issues here, in keeping with our role as an informal dispute resolution service.

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

In broad terms, the starting position in law is that Virgin is expected to process payments and withdrawals that a customer authorises it to make, in accordance with the terms and conditions of the customer's account. It's not disputed that Ms B made and authorised the payments, although I accept that when she did so, she didn't think her money was at risk, or intend it to end up in the hands of a scammer.

The payments here weren't covered by the Lending Standards Board's Contingent Reimbursement Model ("CRM") Code. Virgin wasn't fully covered by the code until February 2022, and it doesn't cover card payments like these in any event.

However, there are circumstances, irrespective of the payment channel used, where it might have been appropriate for Virgin to take additional steps, make additional checks, or provide additional warnings before processing a payment, to help protect its customers from the possibility of financial harm from fraud.

Ms B's loss didn't arise directly from the payments she made from her Virgin account. The payments were for the purchase of genuine cryptocurrency. The loss occurred afterwards, when the money was transferred out of Ms B's cryptocurrency wallet to the scammer.

Buying cryptocurrency is a legitimate activity and the payments were made to a genuine cryptocurrency exchange, to an account in Ms B's own name. But even though the loss happened from Ms B's cryptocurrency account, it would have been fair and reasonable to expect Virgin to be alert to fraud and scams. I'm aware that scams involving cryptocurrency have become increasingly prevalent and well known to banks. But I think that by 2021 Virgin ought already to have been aware of how scams like this work.

That said, I think it was reasonable for Virgin to take into account a range of factors when deciding whether to intervene. I'm mindful that banks can't reasonably be involved in every transaction. There's a balance to be struck between identifying payments that could potentially be fraudulent, and minimising disruption to legitimate payments. I've also borne in mind that it's not unusual for consumers to make higher payments from time to time.

Taking everything into account, I need to consider whether Virgin acted fairly and reasonably in its dealings with Ms B when she authorised the payments, or whether it could and should have done more before processing them.

It would have been apparent to Virgin that the payments Ms B made to the scam were going to a cryptocurrency provider. But while such payments might be considered higher risk, I don't consider that it follows that it would be reasonable to expect Virgin to assume that they were *automatically* suspicious.

I've looked at Ms B's bank statements for the year before she made the payments to the scam. I can see that she'd made a number of significant payments, including several over £3,000 and a few that were more than £7,500, including one made around a week before the final payment to the scam. So I don't think the amounts of the payments were unusual enough for Ms B that Virgin ought to have been concerned about them based on their size alone.

In some cases, a spate of significant payments made close together can be a warning sign that a customer might be the victim of a scam. But in this case, the four payments were spread over roughly two and a half months, with the shortest interval between payments being nearly three weeks. I acknowledge that Ms B credited money from her savings account to her Virgin account shortly before making each payment to the scam. But many people do this to take advantage of higher interest rates on savings accounts. And this wasn't, in any event, unusual for the way Ms B managed her account when she made large payments.

Virgin's records show that it spoke to Ms B on the phone on 22 January 2021. Unfortunately, no recording of the call is available, so I haven't been able to listen to it. But Virgin's system notes mention that Ms B said she was unable to make payments online, as Virgin kept blocking them. She then spoke to Virgin again the following day, and confirmed that it was she who had made a card payment. Given that payment 1 is shown on Ms B's statement dated 21 January, it's not fully clear whether those conversations concerned the payment for £2,600 or a payment unrelated to the scam. But either way, it doesn't affect my view as to what's a fair outcome here.

There's also a brief note on Virgin's system of a call on 6 April 2021 – the date of the final payment to the scam. It says that Ms B was having problems with access to her mobile banking, which was reactivated following the call. Again, in the absence of a recording of the call, I can't be sure exactly what attempted payments it related to, or what was discussed, but there's nothing to suggest that any conversation about scams took place. And Ms B's representatives have told us that Virgin didn't warn Ms B about potential fraud.

However, taking everything into account – and particularly given the pattern of payments from Ms B's account – I don't think the payments should have prompted Virgin to consider that Ms B was at heightened risk of financial harm. Nor do I consider that more probing questions about the payments were warranted. And I can't fairly say it was wrong of Virgin not to do more than it did before processing the payments.

As the investigator explained, card providers have strict rules governing the timescale for making a chargeback request. I'm satisfied that Ms B didn't contact Virgin about her loss until it was too late for Virgin to make a chargeback claim under the rules. But even if that weren't the case, the money was sent to a cryptocurrency account in Ms B's own name, and was used to buy genuine cryptocurrency. So she effectively got what she paid for and I don't see how a chargeback claim would have succeeded. Nor can I see any other way that Virgin could have recovered the money.

I have considerable sympathy for Ms B. It isn't in dispute that she's fallen victim to a cruel scam, and I was sorry to learn of this, and of the impact it's had on her. I know my decision will come as a disappointment to her. But for the reasons I've set out, I can't fairly hold Virgin responsible for her loss, and I don't uphold this complaint.

My final decision

My decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms B to accept or reject my decision before 30 September 2025.

Juliet Collins

Ombudsman