

## **The complaint**

Mr K complains that Clydesdale Bank Plc, trading as Virgin Money, won't refund the money he lost when he was the victim of a scam.

## **What happened**

In June 2022, Mr K was looking for ways to earn more interest on his savings and came across a cryptocurrency investment company online. He visited the company's website, filled in his details to register his interest and was then contacted by someone from the company.

Mr K was shown how to create an account on the company's trading platform, and then purchase cryptocurrency which he would use to fund his investment. And over the next few months he then made a number of payments from his Virgin Money account to purchase cryptocurrency, which was then sent on to wallet details he was given for the investment company.

Unfortunately, we now know the cryptocurrency investment company was a scam. The scam was uncovered after the company's trading platform showed Mr K's account had gone from making a significant profit to having a zero balance within a week. Mr K tried to contact the company but couldn't get a response and then couldn't access the platform any further. Mr K then reported the payments he had made to Virgin Money as a scam and asked it to refund the money he had lost.

Virgin Money investigated and accepted it could have taken more steps to protect Mr K. But it also said he should have done more to protect himself. So it offered to refund 50% of the payments he had made. It also paid him £150 as compensation for not keeping him updated during his claim. Mr K wasn't satisfied with Virgin Money's response, so referred a complaint to our service.

One of our investigators looked at the complaint. They didn't think anything further we would have expected Virgin Money to have done would have stopped Mr K making the payments. So they didn't think it would be fair to require it to refund anything further. Mr K disagreed with our investigator, so the complaint has 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.

In broad terms, the starting position at law is that a firm is expected to process payments and withdrawals that a customer authorises, in accordance with the Payment Services Regulations and the terms and conditions of the customer's account. However, where the customer made the payment as a consequence of the actions of a fraudster, it may sometimes be fair and reasonable for the bank to reimburse the customer even though they authorised the payment.

*Are the payments Mr K made covered by the CRM code?*

The Lending Standards Boards Contingent Reimbursement Model (the CRM code) requires firms to reimburse customers who have been the victim of certain types of scams, in all but a limited number of circumstances. But it only covers payments where a customer paid funds to another person for what they thought were legitimate purposes, but which were in fact fraudulent.

The payments Mr K made here were sent to a number of different cryptocurrency exchanges, and he's said that the accounts at the exchanges weren't in his name and he didn't have access to them. But we've received evidence from one of the cryptocurrency exchanges which shows that the account it held that the payments were sent to was in Mr K's name, and was set up using his phone number, address and email address and using a photo of his driving license to verify his identity.

We haven't been able to get evidence from the other cryptocurrency exchanges. But I think it's likely they would all have been opened in a similar way. And, from how Mr K has described what he was told to do by the investment company, I think it's likely he was at least aware of the accounts with the cryptocurrency exchanges and that payments were being made from his Virgin Money account to them.

I therefore don't think these payments could be treated as being to '*another person*' for the purposes of the CRM code. And so I don't think the payments here are covered by the CRM code.

*Did Virgin Money do enough to protect Mr K when he was making these payments?*

Even though the payments aren't covered by the CRM code, the regulatory landscape, along with good industry practice, sets out other requirements for banks to protect their customers from fraud and financial harm. So, in line with this, I think Virgin Money should fairly and reasonably:

- Have been monitoring accounts and any payments made or received to counter various risks, including anti-money laundering, countering the financing of terrorism, and preventing fraud and scams.
- Have had systems in place to look out for unusual transactions or other signs that might indicate that its customers were at risk of fraud (among other things). This is particularly so given the increase in sophisticated fraud and scams in recent years, which banks are generally more familiar with than the average customer.
- In some circumstances, irrespective of the payment channel used, have taken additional steps, or made additional checks, before processing a payment, or in some cases declined to make a payment altogether, to help protect customers from the possibility of financial harm from fraud.

And so I've also considered whether Virgin Money should have identified that Mr K could be at heightened risk of financial harm from fraud as a result of any of the payments he made here, and what difference any action I would have expected it to take as a result would have made.

But even if Virgin Money had identified that Mr K was at heightened risk of financial harm from fraud as a result of any of these payments, I don't think the action I would've expected it to take would have stopped Mr K making the payments or prevented the loss he suffered.

I'm satisfied Virgin Money ought to have recognised that Mr K was at heightened risk of financial harm from fraud by at least the point he tried to make the payment for £29,000 on 6 July 2022. This payment was for a significant amount. It was to a new payee he'd only started sending money to the previous day. And it was significantly larger than the payment he'd sent the previous day – which is a pattern often seen when customers are falling victim to a scam.

In these circumstances and given the size of the payments Mr K was making, I think it would be reasonable to expect Virgin Money's checks to include questions about the purpose of the payments and then relevant follow-up questions about the investment Mr K thought he was making and what checks he had done to satisfy himself it was genuine. But, had it done this, I'm not persuaded that it would have prevented Mr K's loss.

Virgin Money did stop some of the payments Mr K made here, and spoke to him over the phone about them. And I've listened to recordings of these calls. In them, Virgin Money explains that it is asking these questions to try to prevent its customers falling victim to scams. It asks Mr K what the purpose of the payments is, and he answers that they are for investments he is making.

In several of the calls, Virgin Money then asks Mr K if he is making the payments of his own free will and if anyone is guiding him on how to answer any questions it asks him. But, despite now telling our service that he was being coached by the scammers on how to answer Virgin Money's questions, Mr K answered that he wasn't being guided or told how to answer.

In one of the calls, Virgin Money also asks Mr K what he is doing with the cryptocurrency he is buying – whether it stays in his wallet or whether he then takes it out to trade with it. It also asks whether he has access to his cryptocurrency or if someone is managing it for him. And despite telling our service that he understood the investment company was trading the cryptocurrency on his behalf, Mr K told Virgin Money that the cryptocurrency went to an account in his own name and he hadn't decided what he will do with it yet.

Virgin Money also asks if Mr K has been promised large returns or been told he will receive a specific amount if he invests a certain amount. And despite it appearing that he was told he could and was receiving significant returns on his investment, Mr K answers that he has not.

Another bank Mr K tried to send money to the investment company from also contacted him during this time and asked him about the investment he thought he was making. It explained it had high scam concerns about the payment he was making, as it hadn't been able to find any information about the investment company online and the reviews it had found suggested it was a scam. It then also asked Mr K if anyone was helping him or he had any third-party involvement in the investment, and he answered that it was just him doing it. But despite the concerns this other bank raised, Mr K continued making payments towards the investment company from his Virgin Money account.

Mr K has also mentioned that another bank he was initially sending payments to the investment company from froze his account due to concerns about the payments he was making, so he started making the payments from his Virgin Money account instead. And he's said his son told him several times to stop investing in cryptocurrency, but that he continued to do so.

So even if Virgin Money had asked more open-ended and probing questions about the payments he was making here, I think it's likely Mr K wouldn't have given it accurate information about the purpose of the payments or the circumstances surrounding them – as

happened with the questions he was asked by both Virgin Money and the other bank. And so I don't think Virgin Money would have had significant concerns following its questions and I don't think any warning I would have expected it to show following those questions would have stopped Mr K from making the payments or losing the money he did.

I appreciate that Mr K has been the victim of a cruel scam and that my decision will come as a disappointment to him. He has lost a significant amount of money and I sympathise with the position he has found himself in. But I can only look at Virgin Money's responsibilities and, for the reasons I've set out above, I don't think anything I would reasonably have expected Virgin Money to have done would have prevented the loss he suffered.

Virgin Money has already offered to refund 50% of the money Mr K lost as a result of this scam. And I don't think it would be fair to require it to refund any more of the money he has lost.

*Did Virgin Money provide Mr K with a reasonable level of customer service?*

Virgin Money has accepted that it could have kept Mr K more up-to-date with his claim during the time it was investigating it. And I think the £150 it has offered is fair and reasonable compensation for the distress and inconvenience this poor customer service caused him. So I don't think it would be fair to require Virgin Money to pay any further compensation.

### **My final decision**

For the reasons set out above, I don't 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 4 September 2025.

Alan Millward  
**Ombudsman**