

The complaint

Ms P is unhappy with how Clydesdale Bank Plc trading as Virgin Money dealt with her security concerns after she reported that she was the victim of a scam.

What happened

In November 2024, Ms P received a call from a scammer impersonating Virgin Money. The scammer told Ms P there was a fraud risk to her accounts, and this was the beginning of a series of events orchestrated to trick Ms P into taking steps as part of a scam. While Ms P didn't make any payments from her Virgin Money account, she did lose money from other banking providers. Ms P's unhappy with Virgin Money because she says she doesn't think she would have fallen for the scam if the caller hadn't had the answers to her online security questions with Virgin Money.

After the scam Ms P contacted Virgin Money to try and find out how a third party could have obtained this information. She said she hadn't used some of the security questions anywhere else, and they were not easily guessable as they were in a foreign language using different characters than in English. Ms P says she only accessed her Virgin Money account from devices provided to her by the university she was attending at the time, and that their IT department helped her run tests which found no potential threats. So, Ms P believes there has been a leak of her personal data by Virgin Money. Ms P also complained about delays by Virgin Money in investigating the issue.

Virgin Money said Ms P's passwords aren't available to its advisors, rather they are encrypted and stored securely so they remain confidential and protected. It didn't take any further steps on the basis there was no evidence of fraud on her account with it. But Virgin Money did apologise for its delay in replying to Ms P with its findings.

When Ms P complained to our service, the investigator didn't consider Virgin Money was responsible for anything related to the scam, but they did recommend it pay Ms P £150 compensation for how it handled her security concerns and the impact this had on her.

Virgin Money agreed to pay this, but Ms P said she thought a fairer amount would be £500. Ms P accepted Virgin Money wasn't responsible for her financial loss from the scam but said it did cause her stress and provided false reassurances that the matter was being investigated when it wasn't, she feels it should be held accountable.

As an agreement couldn't be reached, the matter has been passed to me for consideration by an ombudsman.

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.

Firstly, I'm sorry Ms P has been the victim of a cruel scam and for the impact this has had on her both financially and in relation to her mental health. Having considered the matter

carefully, I think £150 compensation is a fair amount to settle this complaint. I'll explain why.

Virgin Money has told our service that it hasn't had a data breach and can't provide any insight into how the answers to Ms P's security questions could have been known by a third party. It said its advisers don't have access to this information, rather it's stored securely in an encrypted format keeping it confidential and protected. There's no evidence of any fraud on her account with it.

Based on this, I don't think it would be reasonable to hold Virgin Money responsible for the scammer's having this information. Unfortunately, we may never know how they obtained it. Virgin Money had no contact with Ms P during the scam.

I agree there have been customer service failings by Virgin Money in relation to the matter – Ms P raised a genuine concern about potential security issues relating to her account with it. The evidence suggests that Virgin Money was in a position to update Ms P quickly and so no further investigation was needed, but due to an error this wasn't done. Rather Ms P needed to chase it for updates and was repeatedly reassured that the matter was still being investigated. The delay in providing Ms P with its findings on the concerns she raised caused unnecessarily additional time, stress, and confusion when she was already under financial pressure and stress from the scam. Ms P has also shared that she has a registered mental health disability and the whole situation led to her needing to take a leave of absence from her course. I agree Virgin Money could have lessened the impact by updating her promptly so that she could move on.

Our service is not a regulator and so we don't punish or fine businesses. I've thought carefully about the impact Ms P has described and I think £150 is a fair amount of compensation in the circumstances. As I've said, Virgin Money isn't responsible for Ms P being scammed or for the impact that had on her. It had no involvement in whether she could recover any of her losses. The award is for the impact of Virgin Money's customer service issues in clarifying the matter at a particularly difficult time for Ms P.

My final decision

My final decision is that Clydesdale Bank Plc should pay Ms P £150 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms P to accept or reject my decision before 30 March 2026.

Stephanie Mitchell
Ombudsman