

The complaint

Mr K is unhappy with the actions taken by Clydesdale Bank Plc, trading as Virgin Money, as the receiving bank, when he sent money to one of its customers as the result of a scam.

What happened

Mr K's represented throughout this complaint, for ease I'll refer as though all correspondence has come directly from Mr K.

Mr K contacted Virgin Money to explain he was unfortunately the victim of a purchase scam.

After seeing an advert for a van online Mr K transferred £28,500 in the form of two payments to an alleged scammer, who held an account with Virgin Money. However, after sending the funds Mr K didn't receive the van and couldn't get into contact with them.

Mr K raised a complaint with Virgin Money as the receiving bank for his funds. He argued they'd not completed sufficient checks when opening the account and failed to identify the suspicious account activity. Virgin Money considered Mr K's complaint but thought they'd acted fairly when allowing the account to open and operate.

But Mr K didn't agree so brought his complaint to our service.

One of our Investigators looked into Mr K's complaint but didn't uphold it. They thought Virgin Money had completed the checks they'd expect when opening the account, and the account activity wasn't suspicious enough to lead to Virgin Money carrying out intervention.

Mr K didn't accept the outcome. In response he said there was evidence the alleged scammers limited company had been given notice for compulsory strike off on two occasions in recent years. And this is something that Virgin Money should have picked up on when opening the account. He also argued that the account activity must have been suspicious, especially as the scammer is facing an international police investigation.

As Mr K didn't agree it's been passed to me to decide.

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 to hear that Mr K lost a considerable sum of money through falling victim to a cruel scam. With that in mind, I can see why he feels that Virgin Money ought to refund his loss as it allowed an alleged scammer to open and operate an account. But I think it's important for me to start by explaining that an account later found to have been utilised to receive fraudulently obtained funds doesn't automatically entitle the payer (victim) to a refund nor does it mean that the recipient payment service provider (PSP) reasonably failed to prevent the loss.

Virgin Money has shared with our service evidence of the checks they carried out as part of the account opening process. They've also shared the information they gathered at account opening about the intended and expected use of the account. I'm satisfied the checks Virgin Money completed were in line with their regulatory obligations.

I've thought about Mr K's argument that Virgin Money shouldn't have allowed the alleged scammers to open their account because the limited company had been given notice to be 'struck off' twice before. I appreciate why Mr K believes this would have raised concern for Virgin Money on opening the account, however a company being given notice to be struck off doesn't necessarily mean it's guilty of doing any wrongdoing. There are several other reasons that a company may be given notice to strike off including not having any directors, inactivity or failing to submit its accounts on time. On considering this and the checks carried out by Virgin Money I can't conclude that when choosing to open an account for the alleged scammers it has failed in a way that could be said to be the cause of Mr K's loss. So, it follows that I don't think there's any reason, based on the opening of the account, to ask Virgin Money to do more here.

I've also carefully considered whether there was anything prior to Virgin Money being notified about the fraud which ought to have alerted them to the possibility of the same. I've taken into account the length of time the account had been open and operating without any concerns, the previous account activity, it's expected use and where to and how Mr K's funds were paid away. I've also considered Mr K's argument that the activity must have been suspicious because of a police investigation.

I've not seen a copy of the police investigation, nor any scam chats or evidence of communication between Mr K and the alleged scammer. I need to base my decision on what I know and I can't safely conclude this was a scam. Even if I did accept Mr K's payment was made as a result of a scam I don't think Virgin Money reasonably could have prevented Mr K's loss. I say this because the account has been open and operating since August 2023, Virgin Money have said they haven't received any other fraud reports, the turnover is in line with what was expected and from what I've seen the money is going to companies linked to the motor trade. It follows I can't say that any intervention would have resulted in the discovery of misappropriation. I'm also satisfied the arrival and spending of Mr K's payment wasn't unusual or suspicious based on how the account had been operating to that point. This means there wasn't any basis for Virgin Money to intervene. I notice that even if Virgin Money had looked at the payment activity there wasn't a beneficiary name mismatch so nothing would have given them cause for concern.

When Virgin Money were notified of the alleged scam they advised Mr K that he should contact his own bank to raise the claim, and they'll respond accordingly. I find this response reasonable and it's the general process followed in such claims.

I realise this will disappoint Mr K, but for the reasons I've outlined above I won't be asking Virgin Money to do anything further here.

My final decision

My final decision is 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 10 February 2026.

Jeff Burch
Ombudsman