

The complaint and background

Mr M complains that Clydesdale Bank Plc trading as Virgin Money (“Virgin Money”) didn’t do enough to protect him when he fell victim to an investment scam in 2021. And that it won’t reimburse his losses.

Our investigator ultimately concluded that Virgin Money should have intervened at the point of the second (of three) payments made. And that, had it done so, the scam would have unravelled. But she also thought that Mr M should bear some liability for the loss. So she recommended that Virgin Money refund 50% of the loss from payment two onwards, plus interest.

Neither Mr M nor Virgin Money agreed. Mr M believed that Virgin Money should be held fully liable from payment two onwards as he wasn’t an experienced investor. And Virgin Money didn’t think an intervention would have made a difference due to the relationship Mr M had with those who had also fallen victim to, and those responsible for, the scam.

So the complaint was passed to me. I contacted both parties informally to let them know I was minded to agree with the outcome reached by the investigator. I explained that I felt there should have been a human intervention when Mr M made the second payment – of £22,000 – as this was a significantly higher payment than those made in preceding months and was to a relatively new payee. And that I considered it likely that with proportionate questioning, Mr M would have reconsidered his decision to make payments two and three. I also explained that, like the investigator, I was minded to say Mr M should bear equal liability.

Mr M responded to accept my provisional findings. But Virgin Money asked that I provide a formal decision. It didn’t provide any further information for consideration.

So I’m now in a position to issue my final decision.

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 uphold this complaint in part.

It’s not in dispute that the funds were lost to a scam. It’s also not in dispute that Mr M authorised the disputed payments. So, the starting position, is that he’s liable for the payments.

But, having taken into account longstanding regulatory expectations and requirements, and what I consider to have been good industry practice, I’m satisfied that Virgin Money ought to have been on the look-out for the possibility of fraud and made additional checks before processing payments in some circumstances.

For reasons already given, and accepted by Mr M, I don’t consider that the first payment

ought to have been a cause for concern to Virgin Money. But I consider the second payment to have been significantly out of character, based on its value, previous account activity, and the fact that it was being made to a relatively new recipient. So Virgin Money should have intervened, by way of a human intervention.

I've not seen anything to suggest that Mr M wouldn't have been honest if Virgin Money had asked him about the payment he was making. He believed he was making payments to a legitimate investment, having been introduced to it by another individual who I understand also believed it to have been legitimate. So, if Virgin Money had made *proportionate* enquiries about the payment, I think this would have been likely to uncover information about the returns Mr M was expecting to receive. And the expected returns were far too good to be true, with reference to over 2,800% and £1,000 becoming £28,000 in six months. Alongside a lack of paperwork or contracts, I think this would have alerted Virgin Money to a real risk of financial harm. And this would have, more likely than not, led to Mr M deciding not to go ahead with payments two and three.

However, I've also considered whether Mr M should bear some liability for the loss. I don't consider it necessary to go into much detail here as he's already accepted the outcome, but I maintain my position that Mr M should bear equal responsibility for the loss for payments two and three. In summary, I consider the expected returns to have been so high that it should have raised concerns to Mr M about the legitimacy of the investment, regardless of whether or not he was an experienced investor. So, given all the circumstances of this case, I think the fairest outcome here would be to hold both parties equally liable for payments two and three.

Putting things right

Clydesdale Bank Plc trading as Virgin Money should:

- Refund 50% of payments two and three, less appropriate deductions to account for amounts already recovered or reimbursed;
- Pay 8% simple interest per annum on this amount from the dates of payment to the date of settlement.

My final decision

My final decision is that I uphold this complaint in part, and I require Clydesdale Bank Plc trading as Virgin Money to put things right for Mr M as set out above, within 28 days of his acceptance of this decision.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 11 February 2026.

Melanie van der Waals
Ombudsman