

The complaint

Mr and Mrs M complain that Clydesdale Bank Plc trading as Virgin Money ('Virgin') won't reimburse the funds they lost when they fell victim to a scam.

What happened

Mrs M saw an advert on social media for a summerhouse/cabin. She asked the seller if it was still available. Initially the seller said that there was another buyer but later agreed to sell it to Mrs M. In May 2025 Mr and Mrs M paid the deposit of £450 from their joint account. They later had a query, but the seller didn't respond, and the summerhouse was never delivered. Mrs M reported the scam to Virgin.

Virgin didn't agree to reimburse Mr and Mrs M.

Mr and Mrs M were unhappy with Virgin's response and brought a complaint to this service. The investigator who considered it didn't recommend that it be upheld. She said the payment wasn't covered by new reimbursement rules and that Virgin acted reasonably in processing the payment without intervening. Mr and Mrs M didn't agree. They said the payment was unusual as they had never previously bought anything from a seller who banks outside of the UK. They also referred to card payments of £795 and £310 being declined by Virgin and the card being blocked.

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 deciding what's fair and reasonable in all the circumstances of a complaint, I'm required to take into account relevant: law and regulations; regulators' rules, guidance and standards; codes of practice; and, where appropriate, what I consider to be good industry practice at the time.

In broad terms, the starting position at law is that a bank is expected to process payments and withdrawals that a customer authorises it to make, in accordance with the Payment Services Regulations (in this case the 2017 regulations) and the terms and conditions of the customer's account.

The Financial Services and Markets Act 2023 required the Payment Systems Regulator (PSR) to introduce a reimbursement requirement for payments made over the Faster Payments Scheme as a result of fraud or dishonesty. Consequently in 2024, the PSR required the Faster Payments scheme operator (PayUK) to change the Faster Payment Rules to require the firms that operate over Faster Payments to reimburse their customers sums paid as a result of APP (authorised push payment) scams in certain circumstances. These rules, which I'll call the Reimbursement Rules, came into force on 7 October 2024.

The payment Mr and Mrs M made was after the Reimbursement Rules came into effect. But the rules don't apply in this case, because they only apply to transfers from an account based in the UK to another account based in the UK. In this case, the recipient account wasn't based in the UK.

This doesn't automatically mean that Virgin cannot bear any responsibility when a scam has taken place. Virgin should be on the lookout for, and protect its customers from, potentially falling victim to fraud or scams. This includes monitoring accounts and identifying suspicious activity that appears out of character. Where potential fraud is identified, I would expect Virgin to intervene and attempt to prevent losses.

Like the investigator, I'm not persuaded that the payment Mr and Mrs M have raised was so unusual and out of character given their usual account activity that Virgin ought reasonably to have taken additional steps before processing the payment. It was relatively low in value and in line with usual account activity. There are many transactions of a similar value and higher on Mr and Mrs M's account in the 12-month period before the scam. The fact the payment was made to an account based outside of the UK isn't enough for the transaction to trigger intervention by Virgin.

There's a balance to be struck between identifying payments that could potentially be fraudulent and minimising disruption to legitimate payments. Whilst banks have obligations to act in their customers' best interests, they can't reasonably be involved in every transaction. To do so would involve significant disruption to legitimate payments.

Mr and Mrs M have referred to card payments being blocked in a store. Fraud monitoring systems are complex and take account of a range of factors. I can't say why these payments weren't processed but I'm satisfied Virgin didn't need to take additional steps before processing the scam payment.

Virgin attempted to recover Mr and Mrs M's funds promptly as I would expect, but no funds remained.

Overall, whilst I'm sorry Mr and Mrs M have lost money in a cruel scam, I can't fairly hold Virgin responsible for their loss.

My final decision

For the reasons stated, I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs M to accept or reject my decision before 6 February 2026.

Jay Hadfield
Ombudsman