

The complaint

Miss W complains that Clydesdale Bank Plc (trading as Virgin Money), as the receiving bank, could've prevented the loss she suffered as the result of an alleged scam.

What happened

In June 2023 Miss W sent £26,000 to an account held with Clydesdale, as part of an investment. The payment went to an account held in a personal name – I'll refer to the account holder as X. The agreement was that X would use Miss W's funds to buy properties and that Miss W would receive rental income from those properties.

The agreed profits did not materialise, and X was subsequently made bankrupt, Miss W believes the investment was a scam. She raised a complaint with the sending bank (where Miss W held her account) and with Clydesdale (the receiving bank).

Miss W says that:

- Clydesdale failed to properly verify their customer (X) when allowing them to open an account and allowed a fraudster to open an account leading to Miss W being scammed.
- Clydesdale failed to prevent fraudulent activity on X's account and should've been concerned by the account conduct.
- Clydesdale failed to act quickly on being notified of a scam claim by the sending bank.

Clydesdale says that it completed all the appropriate checks when opening X's account and that there was nothing about the account activity which caused it any concerns.

Miss W wasn't happy with Clydesdale's response, so she brought a complaint to our service.

An investigator looked into the complaint and didn't uphold it. They felt that this was most likely a civil dispute rather than a scam, and were satisfied that Clydesdale reasonably had no concerns in relation to X's account and could not have prevented Miss W's loss.

Miss W disagreed with the investigator's opinion, saying the account activity should've concerned Clydesdale. She has also provided various pieces of evidence which she feels support that X was acting fraudulently.

As no agreement could be reached this case has been passed to me for review.

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.

It's important to note that Clydesdale has shared information with our service, which I can't share due to data protection issues as it relates to a third party. However, I have taken it into account in reaching an answer on this complaint.

Clydesdale was a signatory of the Contingent Reimbursement Model (CRM) Code. The CRM Code set out what was expected of the 'Sending Firm' and 'Receiving Firm' (in this case Clydesdale) when payments are made or received.

In summary, the obligations for the receiving firm state that it should:

- Take reasonable steps to prevent accounts from being used to launder the proceeds of Authorised Push Payment (APP) scams.
- Have procedures to prevent, detect and respond to the receipt of funds from APP scams; and
- Where the receiving firm identifies funds where there are concerns that they may be the proceeds of an APP scam, it should freeze the funds and respond in a timely manner.

But the CRM Code only applies if the circumstances meet the definition of an APP scam, it specifically states that it does not cover civil disputes. And I am satisfied that we do not currently have enough evidence to say that Miss W was the victim of a scam. So, the requirements of the CRM Code do not apply. However, I have nonetheless considered whether Clydesdale did fail in any way in how it handled X's account or the payment that was made by Miss W.

Account opening process

Our service can only consider complaints about acts or omissions in relation to account opening that happened after 31 January 2019, when it came within our jurisdiction. More information about this can be found in the Financial Conduct Authority Handbook under DISP 2.7.6R(2B).

As X's account with Clydesdale was opened prior to January 2019, it's not within our jurisdiction and I can't look into this element of the complaint.

The activity on X's account

I've also considered whether Clydesdale should've been on notice that X was potentially carrying out fraudulent activity, or had concerns, based on the activity on X's account.

Having reviewed the statements from the time Miss W made her payment in 2023, I'm not satisfied that Clydesdale should've been concerned about that payment or should've intervened. I also haven't seen activity on the account that suggests Clydesdale should've been concerned more generally that X was potentially carrying out fraudulent activity.

And in any case, even if Clydesdale had been concerned, I think it's unlikely this would've prevented Miss W's loss. I say this as I'm not satisfied that there was any information available in 2023, which suggested that Miss W might be the victim of a scam or at risk of financial harm from fraud, or showed that X was acting illegitimately.

So, even if Clydesdale had asked further questions in relation to X's account activity, I'm not satisfied that they should've identified a risk of financial harm or should have prevented the payment from being made.

In addition, on being notified of Miss W's concerns by the sending bank, Clydesdale considered and responded to that claim appropriately.

With this in mind, and having carefully considered all of the points that Miss W has raised in response to the investigator's opinion, I'm not satisfied that I can fairly ask Clydesdale to refund her or to bear any responsibility for her loss.

My final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss W to accept or reject my decision before 12 March 2026.

Sophie Mitchell
Ombudsman