

## The complaint

Mrs M complains that Clydesdale Bank Plc trading as Virgin Money has declined to refund disputed transactions that were made from her account when she fell victim to a scam.

## What happened

On 24 September 2024, Mrs M received a call from someone claiming to work for Virgin Money's fraud department. They explained her account was at risk of fraud and she needed to follow their instructions. Unfortunately, this person was a fraudster.

As part of the scam, Mrs M was told a police officer would come to her home to collect her card and Personal Identification Number ('PIN'), which she needed to put in a secure envelope to help the Police with their enquiries.

Later that day, the 'police officer' arrived and provided a security code which Mrs M says made it feel realistic. Mrs M gave them her Virgin Money card and PIN in the envelope as instructed. She was told not to tell anyone about the situation and to keep her telephone line free, which she did.

Mrs M's card was then attempted to be used in a jewellery store for a transaction of £22,450. But the staff became suspicious of the person using Mrs M's card and didn't allow them to part with the goods and the transaction was reversed. Because of this, the fraudster then advised Mrs M they'd need her help with catching an offender, and she was collected from her home and driven to a different jewellery store (because the previous one had closed). Under the belief that she was supporting the Police, told the staff the fraudster was her grandson, and she was happy with him using her card to buy goods, which he did, and a transaction was made for £16,840.

The following morning, Mrs M's card was used again for £4,998 at an electronics store. A further transaction was attempted to the same store, but the bank had cancelled Mrs M's card by this point, as that same morning, it had been alerted to potential fraud by concerned staff from the initial jewellery store.

After speaking with her son, Mrs M contacted Virgin Money to report the compromise of her card. During this call, she realised she'd been the victim of a scam and was told to contact the Police. The bank also passed the matter to its fraud department, but after investigation, it didn't believe it was liable for Mrs M's loss.

Mrs M then raised a complaint, and in response Virgin Money said:

- After reviewing the investigation of Mrs M's fraud claim, no error had been made by the bank.
- It would not be upholding Mrs M's concerns around the outcome of her fraud claim; it would not be refunding the disputed transactions.
- It acknowledged Mrs M's comments that more empathy could've been shown towards her circumstances and provided feedback to the appropriate areas.

Mrs M then referred her complaint to our service, via a representative, where it was considered by one of our investigators. He felt Mrs M had authorised both disputed transactions that had been made using her card and PIN, albeit as part of a scam. And that Virgin Money was entitled to hold her responsible for them. However, he felt Virgin Money should've identified the unusual account activity and contacted Mrs M before processing the second successful disputed transaction totalling £4,998.00. He felt had it done so, Mrs M's loss would've been reduced. But, in view of the overall circumstances, he felt Mrs M should bear 50% responsibility for this transaction. He therefore recommended that Virgin Money refund £2,499 plus interest to Mrs M.

Neither Virgin Money nor Mrs M agreed with our investigator's recommendations.

As well as other things, Virgin Money said chip and PIN is considered a lower risk payment method as it generally involves the card holder being present for the transaction. Additionally for merchants such as jewellers and electronics stores, it is not unusual to see many genuine higher value transactions. It accepted that the activity on the account could be viewed as unusual in value, but due to Mrs M's actions, there was nothing to suggest that fraudulent behaviour was at play.

Mrs M, via her representative, said in view of Mrs M's age and vulnerabilities, as well as the values of the disputed transactions, Virgin Money acted unreasonably by not blocking Mrs M's card when the £16,840.00 transaction was processed in the second jewellery store. She also said Mrs M had been the victim of fraud in the past, and Virgin Money should've been aware of this.

As no agreement could be reached, the complaint was passed to me, and I issued a provisional decision on 13 February 2026. I said:

*'The regulations relevant to this case are The Payment Services Regulations 2017 (PSRs). These say, in summary, that a payment service provider should generally refund a transaction that comes out of one of their consumer's accounts that they didn't authorise. There are limited exceptions to this, such as when the consumer has breached their obligations to keep their security credentials secure either intentionally, or by being grossly negligent with them. So, the issue for me to determine is whether Mrs M carried out the disputed transactions herself, authorised someone else to make them on her behalf, or that they were only possible because Mrs M failed with intent or gross negligence to keep her security credentials secure.'*

*It's accepted by all that Mrs M has been the victim of a very cruel scam. I was truly sorry to hear that this has happened to her, this can't have been an easy time for her at all. But being the victim of a scam doesn't mean the bank is automatically required to provide a refund. And in reaching this decision, I must consider what's fair to both Mrs M and Virgin Money in the overall circumstances of the complaint.*

*Did Mrs M authorise the disputed transactions?*

*Mrs M was clearly aware of the first successful transaction being made (for £16,840) - albeit she thought she was helping a Police investigation. But clearly, she was present with the merchant and understood a payment was being made with her card. Regardless of whether or not she physically entered the card and PIN herself (as I know that was a question raised by Mrs M's representative), I find that it's fair for Virgin Money to treat this payment as authorised by Mrs M in these circumstances.*

*Did Mrs M fail with intent or gross negligence to keep her security credentials secure?*

*But, Mrs M wasn't aware of the second successful transaction being made (£4,998 to an electronics store). I've read Mrs M's representatives most recent email received earlier today, and I agree with her that Mrs M didn't authorise this transaction. But, this only came about as Mrs M had given the fraudster – believing them to be a police officer – her card and PIN, and they had left with them. The terms of Mrs M's account allow Virgin Money to hold her liable for unauthorised transactions if she has intentionally failed to keep her security details safe - which is consistent with the regulations on payments. Here, I'm satisfied that she did intentionally give over the card and PIN (albeit because she was tricked). At the time, I accept she believed she was following instructions from a legitimate source; however, giving her card and disclosing her PIN to someone else is not allowed under the account terms. And in the circumstances, I think Mrs M should've been aware that this person could now use the card to make payments. After all, she was aware it was used in a jewellery store by someone else when she was present, and the same person(s) then kept the card without it being cancelled upon her return home later that day. I'm thankful for Mrs M's representative providing a lot of evidence about Mrs M's health, but I've not seen anything to suggest that any medical impairment would affect her judgement. And while I appreciate she was tricked, she's intentionally not kept her security details safe and didn't make any attempt to cancel the card when it was in the possession of a third party. So, under the PSRs it's not unreasonable for Virgin Money to hold Mrs M liable for this transaction.*

*But the matter doesn't end there, I've also taken into account the law, regulator's rules and guidance, relevant codes of practice and what I consider to have been good industry practice at the time. And I consider Virgin Money should, fairly and reasonably:*

- Have been monitoring accounts and any payments made or received to counter various risks, including money laundering, the financing of terrorism, and fraud and scams.*
- Have had systems in place to look out for unusual transactions or other signs that might indicate its customers were at risk of fraud (among other things). This is particularly so given the increase in sophisticated fraud and scams in recent years, which banks are generally more familiar with than the average customer.*
- In some circumstances, irrespective of the payment channel used, have taken additional steps, or made additional checks, before processing a payment, or in some cases declined to make a payment altogether, to help protect customers from the possibility of financial harm from fraud.*

*I've thought very carefully about Virgin Money's comments in relation to its fraud detection systems, as well as the fact that the disputed transactions were made using Mrs M's genuine card along with her PIN. I fully appreciate its comments that it was Mrs M's actions that enabled the disputed transactions to take place, and that transactions made using the genuine card and PIN are generally deemed secure (because of the added level of security with the use of the PIN). But Virgin Money itself accepts the disputed activity was unusual for Mrs M's account. And, before £21,838 was spent in two transactions in less than 24 hours (as well as the initial transaction for £22,450 that was reversed), over £45,000 was credited into her account, which was also unusual activity. So, like our investigator, I consider that there was enough going on that Virgin Money ought to have been concerned that Mrs M's account might have been at risk of fraud and should have intervened in some way.*

*I appreciate that a firm can't reasonably be expected to intervene on all transactions that may be unusual account behaviour. After all, many individuals make significant one off purchases every day. There's a balance a firm needs to strike between identifying unusual payments and ensuring minimal disruption to legitimate ones. And considering the transaction for £16,840 (as well as the reversed transaction for £21,838) were processed using the genuine card along with Mrs M's PIN, I can't fairly say that Virgin Money were wrong for allowing the first two transactions without further questioning.*

*But the third transaction, for £4,998, was part of an emerging pattern of unusual transactions for Mrs M's account. And I think by this point, despite the transactions being made with the genuine card and PIN, there was enough going on that should've prompted Virgin Money to block Mrs M's card and contact her to ask if the activity was genuine. I disagree with our investigator and Virgin Money's arguments that any intervention during the course of the disputed transactions wouldn't have been successful, I accept M was clearly under the 'spell' of the fraudster and that she didn't engage with the genuine Virgin Money when it tried to speak with her over the telephone before the electronics store transaction was made either. But on balance, had Virgin Money blocked Mrs M's card and only lifted any restrictions after speaking with her, I'm persuaded this action would've unravelled the scam and prevented the third transaction of £4,998 from being made.*

*So in view of the reasons I've already explained, I don't require Virgin Money to refund Mrs M for the first disputed transaction of £16,840. But, even though I think Virgin Money could've reasonably prevented the third transaction for £4,998 from being made, in order to reach a fair outcome on this case I've considered the actions of all parties involved. And in doing so, I've considered whether Mrs M should accept responsibility for this £4,998 transaction due to any contributory negligence. The starting point for contributory negligence is considering what a reasonable person would have been expected to do in the circumstances and whether Mrs M's actions fell below that.*

*Here, I accept that Mrs M was tricked, but I think the circumstances of the scam should've raised a number of alarm bells. For example, Mrs M handed her card over to someone claiming to be a police officer, but wasn't wearing a police uniform, wasn't in a marked police car, nor did she ask them for any photo identification. I find Mrs M could've taken more steps to verify the legitimacy of the calls she'd received, as well as the legitimacy of the person she gave her card to. For example, by speaking with her local police station prior to giving her card to the alleged police officer. So because of this, I think Mrs M should bear some liability for her loss because she hasn't acted reasonably in the circumstances of this case for the reasons I've explained. Therefore, I think the liability for this should be shared equally between both parties.*

*Overall, taking all the circumstances into account, I don't think Virgin Money should be held responsible for all of Mrs M's loss for the reasons mentioned above. However, I do find that Virgin Money could've acted differently by contacting Mrs M about the pattern of transactions made within 24 hours (facilitated by a large credit into her account) from the second successful disputed payment made (£4,998). As such, I find that Virgin Money should refund part of Mrs M's fraud claim.*

*My provisional decision*

*For the reasons explained above, I've provisionally decided that Clydesdale Bank Plc trading as Virgin Money should:*

- Refund £2,499. That is the value of transactions made after I find Virgin Money should've intervened, minus the 50% deduction for Mrs M's contributory negligence.*
- Pay 8% simple interest per annum, from the date of the loss until the date of settlement. If Virgin Money considers it's obliged to remove tax from this interest, it should tell Mrs M how much it has taken off. Virgin Money should give Mrs M a certificate showing how much tax it's taken off, if she asks for one.'*

**Responses to my provisional decision**

Virgin Money accepted my provisional decision and didn't provide any further comments for me to consider.

Mrs M didn't respond by the deadline I set. So, I don't have any further comments to consider from her either.

### **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.

As neither party has provided anything further for me to consider, I see no reason to depart from my provisional findings.

I remain satisfied that Virgin Money isn't responsible for refunding all of Mrs M's fraud claim for the reasons I've already explained. But it could've acted differently by contacting Mrs M about the pattern of transactions made within 24 hours (facilitated by a large credit into her account) from the second successful disputed payment made (£4,998).

But, I also remain satisfied that it's fair to deduct 50% from the £4,998 refund, in view of Mrs M's contributory negligence.

### **Putting things right**

For the reasons outlined above, Clydesdale Bank Plc trading as Virgin Money must:

- Refund £2,499 to Mrs M. That is the value of transactions made after I find Virgin Money should've intervened, minus the 50% deduction for Mrs M's contributory negligence.
- Pay 8% simple interest per annum, from the date of the loss until the date of settlement.\*

\*If Virgin Money considers it's obliged to remove tax from this interest, it should tell Mrs M how much it has taken off. Virgin Money should give Mrs M a certificate showing how much tax it's taken off, if she asks for one.

### **My final decision**

My final decision is that I uphold this complaint in part.

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

Lorna Wall  
**Ombudsman**