

The complaint

Mr B complains that Clydesdale Bank Plc trading as Virgin Money (“Virgin”), have failed to refund money that he lost as part of an investment scam.

What happened

Mr B was contacted by a company and was told that he could make money by investing in a company that I will call B. Mr B was persuaded to make a payment of £499 from his account via a debit card payment in May 2023, which he says was for a crypto investment. He says he was told that he could double his money in 24 hours.

Mr B tried to get a refund when this did not occur. Virgin attempted to start a chargeback for this payment. The payment was made to a trading training course provider. The provider of this course demonstrated the course was delivered and said that Mr B could contact it directly to request a refund.

Meanwhile, Mr B was told by B that it would refund his payment if he stopped his dispute with Virgin. So he stopped his dispute and then a month or so later he still did not receive a refund.

One of our investigators looked into this matter and they decided that the payment was not indicative of a scam and should not have been stopped by Virgin. He also did not think that the funds could be recovered via a chargeback as the trading course provider defended the chargeback and there is nothing to suggest that Mr B demonstrated he had not received a refund during the timescales in which a chargeback could have been pursued further.

Mr B did not agree with this and therefore his complaint has been passed to me to issue a 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 agree with the conclusions reached by the investigator for the following reasons.

It isn’t in dispute that Mr B authorised the disputed payment he made. The payment was requested by him, using his legitimate security credentials provided by Virgin. And the starting position is that banks ought to follow the instructions given by their customers, in order for legitimate payments to be made as instructed.

However, I’ve considered whether Virgin should have done more to prevent Mr B from falling victim to the scam. There are some situations in which a company should reasonably have had a closer look at the circumstances surrounding a particular transaction.

In this instance, the transaction was not large enough or out of character enough to have caused concerns with Virgin. So, having considered the payment Mr B made, I'm not persuaded there was anything that ought reasonably to have triggered Virgin's fraud monitoring systems or that would have indicated he was in the process of being scammed. I therefore do not consider there to have been any obligation on Virgin to have intervened or provide a scam warning. Given this I do not think that it could have uncovered and prevented the scam.

I've also thought about whether Virgin did enough to attempt to recover the money Mr B lost. In this instance, the chargeback process was started but it was defended by the provider of the training course. I also can see that when Mr B tried to claim the money back, he said it was a crypto investment. Whereas the details provided by the training course provider appeared to show that Mr B had purchased and received a training course. This meant that Virgin did not pursue the chargeback further. Given that I can't see that he recontacted Virgin showing he was promised a refund which he never received during the 120 days that Virgin had to pursue the chargeback further, I don't think that Virgin did anything wrong. So I can't ask Virgin to refund the payment.

I appreciate this will likely come as a disappointment to Mr B, and I'm sorry to hear he has been the victim of a cruel scam. However, I'm not persuaded that Virgin can fairly or reasonably be held liable for his loss in these circumstances.

My final decision

My final decision is that do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 26 July 2024.

Charlie Newton
Ombudsman