

The complaint

Miss H complains that Clydesdale Bank Plc trading as Virgin Money ("Virgin"), have failed to refund money that she lost as part of an investment scam.

What happened

Miss H was contacted on a social media site by someone who said that she could make money by investing in a company that I will call B. Miss H was persuaded to make a number of payments from a variety of bank accounts and credit cards. At a certain point, Miss H was persuaded to take out a credit card with Virgin and she then made the following payments to her payment service providers account and the funds were then sent to B.

Transaction Number	Date	Amount
1	8 August 2021	£500
2	8 August 2021	£300
3	9 August 2021	£400
4	9 August 2021	£1,000

Miss H then tried to withdraw the "profits" that she had made and when she was unable to do so, she realised some months later that she had been scammed

Miss H raised a complaint with Virgin as she believed that it should have stopped her from making the payments in question.

One of our investigators looked into this matter and they decided that the payments were not sufficiently large enough or out of character to have prompted an intervention from Virgin. So they concluded that the payments shouldn't be refunded. Miss H did not agree with this and therefore her complaint has been passed to me to issue a final decision.

I note that Miss H has raised additional concerns that she was coerced into taking out the credit card in the first place. But, as we have already explained, Miss H would need to direct these concerns to Virgin in the first instance.

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 Miss H authorised the disputed payments she made. The payments were requested by her, using her 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 Miss H 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 payments in isolation were not large enough, and the pattern of spending was not enough, to be considered unusual or sufficiently out of character to have prompted an intervention from Virgin. I say this particularly as there was very little payments history on the card for Virgin to be able to determine what is usual and unusual spending behaviour for Miss H's card.

So, having considered the payments Miss H made, I'm not persuaded there was anything that ought reasonably to have triggered Virgin's fraud monitoring systems or that would have indicated she was in the process of being scammed. I therefore do not consider there to have been any obligation on Virgin to have intervened. 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 Miss H lost. In this instance a chargeback would not have been successful as essentially the transactions were to send money from Virgin to PayPal - and the money was safely received into her payment service provider's account, so she got what she paid for. It was only when she sent the money on from that account to the scammer, did the loss occur.

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

My final decision

For the reasons given above, I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss H to accept or reject my decision before 15 July 2024.

Charlie Newton
Ombudsman