

The complaint

Mr R complains that Clydesdale Bank Plc (trading as “Virgin Money”) won’t refund £2,500 he lost to a cryptocurrency investment scam in December 2021.

The details of this complaint are well known to both parties so I won’t repeat everything again here. Instead, I will focus on giving the reasons for my 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 R authorised the two disputed payments he made to his Coinbase wallet from his Virgin Money account (where his funds were subsequently transferred on to the scammers from his crypto wallet). The payments were requested using his legitimate security credentials provided by Virgin Money, 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 Money should have done more to prevent Mr R from falling victim to the scam, as there are some situations in which a bank should reasonably have had a closer look at the circumstances surrounding a particular transfer. For example, if it was particularly out of character.
- I appreciate that overall, Mr R has lost £2,500. But this amount wasn’t paid in one large or ‘out of character’ transaction. It was spread over two separate smaller increments across two days which, in my judgment, would not have appeared particularly unusual or out of character such that they ought to have been regarded as suspicious or indicating that he might have been at risk of falling victim to a scam. The payments were not significantly larger than previous payments Mr R had made from his account, so I don’t consider either of them ought to have indicated a heightened risk of financial harm. There were also no other patterns of spending that would indicate a risk of fraud either, such as a series of payments being made on the same day.
- I can see that Virgin Money did send Mr R a One Time Passcode for the payments to obtain confirmation that the transfer was genuine, which he confirmed. He was also asked to select the reason for his payments, where he chose “Investing my money” which led to him being presented with a warning covering off the key components of investment scams. As I’ve set out above, I don’t think either of the transactions ought to have indicated that Mr R was at a heightened risk of financial harm given the relatively low value of the payments. So, I don’t think Virgin Money would’ve reasonably been expected to intervene to ask further questions over and above the written warning it had already given. I’m therefore satisfied Virgin Money’s actions were proportionate to the risk presented.

- I also don't think there was anything more Virgin Money could've done to recover the money either. Mr R made the payments to a Coinbase wallet in his own name, where we know the funds were then transferred on again to the scammer, meaning there would've been little prospect of any funds remaining in the receiving account for Virgin Money to recover.

I appreciate this will likely come as a disappointment to Mr R, and I'm sorry to hear he has been the victim of a cruel scam. However, in the circumstances, I do not consider it would be fair and reasonable to hold Virgin Money liable for his loss.

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 Mr R to accept or reject my decision before 25 January 2024.

Jack Ferris
Ombudsman