

## **The complaint**

Miss M complains that Clydesdale Bank Plc trading as Virgin Money won't refund money she lost as a result of a scam.

## **What happened**

In mid-2021, Miss M became involved in what she believes to be an investment scam. I understand it was a pyramid scheme. Each participant paid into the scheme and their money, as well as everyone else's, was supposed to go to the person chosen to receive a pay-out. In theory, every participant receives far more than their initial investment, but the scheme relies on continually recruiting new participants. Miss M, believing that this was a way in which she could make some extra money, made a total of six payments to the scheme totalling £7,000.

It appears that Miss M was told that she'd need to wait longer than expected for her turn to receive a pay-out due to the pandemic, but that pay-out never materialised.

In 2022, Miss M reported the matter to Virgin but it said that it wasn't responsible for her loss. It did, however, acknowledge that it had provided poor service to Miss M and paid her £150 compensation.

The matter was referred to our service, but one of our Investigators didn't uphold the complaint. They didn't think that Virgin could have reasonably suspected that the payments were being made as a result of fraud.

Miss M disagreed. She thought that Virgin hadn't handled the matter correctly and questioned what action the banks which received her money had taken.

As no agreement could be reached, the case was passed to me for 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.

I'm sorry to hear about what's happened to Miss M. It's clear that she's been through a difficult time and I understand that the loss of this money has had a significant impact on her. But my role is to consider whether Virgin can be held responsible for her loss. The starting point in law is that Miss M is responsible for payments she's authorised herself. And there's no dispute about whether she made the payments here.

I've also thought about whether, taking into account regulators' rules and guidance, relevant codes of practice and what I consider to have been good industry practice at the time, Virgin ought to have recognised that Miss M might have been at risk of financial harm from fraud when making the payments and taken some steps to warn her before allowing the payments to debit her account.

Having done so, I'm afraid that I don't think there was any reason for Virgin to be concerned here. The payments were not of an insignificant value, but the highest value payment was £2,000 which I don't think alone was enough to cause Virgin much concern. I have noted that there were three payments made on the same day, but to two different payees and, even after the payments were made, Miss M's account wasn't drained and still held a healthy balance. I can't see that Virgin would have been able to identify any concerning pattern of activity. So, I don't think it made a mistake by not questioning the payments before they debited Miss M's account.

I've considered Virgin's attempts to recover Miss M's funds. It appears that one of the payments related to the scam was not originally included as part of the claim, but I've seen evidence from all of the firms which received Miss M's money that shows it was removed before she reported the fraud. So, even if Virgin had contacted all of the firms that received money at the time, it wouldn't have made any difference to whether the money could be recovered.

Finally, in relation to the service provided, I can see that Miss M spoke to Virgin on many occasions. It acknowledges that she often had to wait for long periods to speak to it and that its investigation took longer than it should have done. And, as already mentioned, Virgin failed to take note of one of the transactions when the claim was first raised. It has already paid Miss M £150 compensation to reflect the trouble and upset caused by this. I have to take into account that the majority of the distress caused to Miss M has been due to the fact that she's lost a significant amount of money. I don't think Virgin have made a mistake by declining to reimburse her losses, so I think the £150 compensation already paid fairly reflects any trouble and upset Virgin has caused.

The actions of the firms which received Miss M's money will be considered as separate complaints. I can't comment on those issues here.

I know this will be extremely disappointing for Miss M, but I don't find Virgin to be responsible for her loss and I won't be asking it to do anything further.

### **My final decision**

For the reasons I've explained, I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss M to accept or reject my decision before 15 September 2023.

Rich Drury  
**Ombudsman**