

The complaint

Miss D complains about Starling Bank Limited and their failure to progress her chargeback after she was unable to withdraw funds from a third-party website ("M") account.

What happened

Miss D made a number of deposits into her account with M using her Starling debit card. The same day, Miss D attempted to withdraw her winnings back into the same Starling account. But M said they were unable to do so. Miss D was unhappy with this so raised a chargeback with Starling.

Starling declined the chargeback, explaining that the transactions didn't fall under the scheme rule criteria of the card issuer. Miss D didn't agree with this decision to decline the chargeback. So, she complained about this as well as raising her concerns about Starling and the fact M wouldn't process the withdrawal as Starling were the provider of the account.

Starling responded saying they'd declined the chargeback fairly. They also explained it was M's decision not to process the withdrawal into her Starling account, so they directed Miss D to discuss this with M directly. But they offered Miss D £25 to recognise delays in their response to Miss D's communication. Miss D remained unhappy, so she referred her complaint to us.

Our investigator looked into the complaint and didn't think it should be upheld. She thought Starling had reasonably considered the card issuer's scheme rules and declined the chargeback fairly. She also didn't think it was fair to hold Starling accountable for M's commercial decision not to process withdrawals into accounts they supply. She did accept the way in which Starling handled the issue could have been better but overall, she didn't think Starling needed to do anything further. Miss D was unhappy with this view so the complaint has been passed to me for a 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 don't uphold the complaint for broadly the same reasons as the investigator.

First, I want to recognise the upset the situation has caused Miss D. I've no doubt that it would've been frustrating for Miss D to be unable to access winnings that she was entitled to collect, especially in the run up to Christmas. But I've considered whether this upset has resulted from the failures of Starling and in this instance, I don't think it has.

I think it's important to explain that banks don't have to raise chargebacks. I would expect banks to consider the card issuer's scheme rules so be sure the claim itself fits the criteria before raising one. On this occasion, Miss D wanted to raise a chargeback as she felt, by being unable to claim the winnings she generated from her deposits, she hadn't received a complete service.

I understand why Miss D would think this. But by depositing funds into her account with M, I think Miss D was paying to be able to do this and then gamble with the amount she deposited. And she was able to do so. As generating any winnings wasn't a guarantee, I don't think it's likely that the card issuer would include any withdrawals as part of the initial service she paid for. So, on this occasion, I think it's likely the card issuer would've declined the chargeback had Starling progressed it further. For this reason, I don't think Starling acted unfairly by deciding not to do so on this occasion.

But even before the chargeback, Miss D was unhappy that she was allowed to deposit funds using her Starling debit card but not allowed to withdraw winnings the same way. I've seen the card issuer's rules which explain that gambling merchants, such as M, aren't authorised to credit winnings onto cards they supply. But, there are no rules to say the cards can't be used to deposit amounts. So, I don't think it would be fair for me to decide that Starling have acted unfairly by allowing Miss D to make deposits to M.

I'm aware Miss D has also raised concerns about Starling as M said they were unable to complete a wire transfer to them specifically. But this was due to a commercial decision of M rather than any failures of Starling. I can understand the frustration this caused Miss D and I think it's likely she wouldn't have deposited the funds if she knew this to be the case. But I think this was M's responsibility to communicate to their potential customers, not the responsibility of Starling. So again, I can't say that Starling have acted unfairly.

I've seen that from the date the chargeback was raised on 9 December, it took Starling a period of 18 days to consider the chargeback, decline it, explain their reasons and respond to Miss D's complaint about the decline. As I don't think this is a significantly unreasonable time frame, I don't think Starling need to do anything further.

While I appreciate the difficulties Miss D has faced when withdrawing her winnings, which she has now been able to do, I don't think these difficulties were caused by Starling. Starling have offered Miss D £25 because they think the service they provided could've been better. It's now for Miss D to decide whether to accept this or not.

My final decision

For the reasons outlined above, I don't uphold Miss D's complaint about Starling Bank Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss D to accept or reject my decision before 5 March 2020.

Josh Haskey
Ombudsman