

The complaint

Ms S complains that Starling Bank Limited unnecessarily blocked her bank account for around two weeks.

What happened

On 22 April 2021 Starling Bank contacted Ms S via its app to as her account had been blocked. Starling Bank asked Ms S to provide information about a disputed payment that had been made to her account. The individual who had made a payment of £58 asked their bank to recover it which led Starling Bank to get in contact with Ms S. Starling Bank asked Ms S to provide information to confirm the transaction was genuine.

Ms S contacted Starling Bank on 28 April 2021 and explained the payment was in relation to a client. Ms S also explained that other clients were having difficulties making payments into her account.

On 6 May 2021 Starling Bank messaged Ms S to confirm the account blocks had been removed.

Ms S went on to raise a complaint and said Starling Bank had blocked her account without good reason. Starling Bank didn't uphold Ms S' complaint and said the account restrictions were fairly applied. Ms S referred her complaint to this service and it was passed to an investigator. During the investigation, Starling Bank made an offer of £50 in recognition of the distress and inconvenience caused.

Ms S asked to appeal and said Starling Bank's suspicions over a £58 payment didn't justify the restrictions it placed on her account. Ms S said she thinks Starling Bank should only apply account restrictions to stop suspected serious fraud rather than a miscalculation. Ms S also said the communication from Starling Bank was poor. As Ms S has asked to appeal, her complaint has been passed to me to make 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.

Starling Bank's account terms and conditions set out the provisions for restricting access to a customer's bank account. It says Starling bank can restrict or suspend the use of an account where it has concerns about potential fraud. I appreciate Ms S' view that Starling Bank should only take that step in serious cases, but I'm satisfied there is a provision in its terms that allow it to suspend access to an account. And whilst I understand Ms S' point that the payment in question was for a low amount, I haven't been persuaded that in itself meant Starling Bank didn't need to investigate it.

The payment in question was disputed by the payer which is why Starling Bank contacted Ms S. The dispute has been explained as a genuine mistake by the payer and I can see the account restrictions were removed after a period of around two weeks. Ms S complains it

took Starling Bank too long to resolve the restrictions. I can see there was some inconvenience to Ms S and she's told us clients had to use a different payment method while the account restrictions remain.

I'm sorry to disappoint Ms S but I haven't been persuaded it was unreasonable for Starling Bank to restrict her account while it investigated the disputed payment.

Starling Bank has offered Ms S £50 to apologise for the trouble and upset caused. In my view, Starling Bank's offer is a fair way to resolve Ms S' complaint and reflects the level of inconvenience caused. As I'm satisfied Starling Bank has made an offer that is fair and reasonable in all the circumstances I'm not telling it to do anything else.

My final decision

My decision is that I uphold this complaint and direct Starling Bank Limited to pay Ms S £50.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms S to accept or reject my decision before 29 April 2022.

Marco Manente
Ombudsman