

The complaint

Mr B has complained that Starling Bank Limited registered a marker against him at CIFAS, the national fraud database.

What happened

In 2019, Mr B opened an account with Starling. A few weeks later, he received an online transfer, which he then transferred away to another account of his. The funds he received were later reported as fraudulent. Starling closed the account and registered a CIFAS marker against Mr B for misusing his facility. Mr B was a teenager.

Mr B complained to our service at the time. He didn't yet know about the CIFAS marker, so this complaint was just about the closing of his account. He said he'd just sold this person some currency. Our service asked him for evidence he was entitled to the funds – e.g. that he'd genuinely sold something to the sender and delivered it – but he didn't provide any.

In early 2022, Mr B complained about the CIFAS marker, following the closure of his main account. Starling removed the marker within a couple of days, explaining that they didn't want to detriment Mr B's future. They apologised and offered him £50 compensation.

Mr B explained his main account had been closed while he was on a train, he'd been unable to get his side income while it was closed, and he'd had to ask his parents for help. He said the marker could have potentially had serious impact on him and could have potentially affected his planned future career, and he wanted Starling to be punished. He asked for an apology and £250 compensation.

Our adjudicator looked into things independently and found that Starling's existing offer of compensation was fair. Mr B didn't agree, so the complaint's been passed to me to decide.

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.

In order to register this marker, Starling were not required to prove beyond all reasonable doubt that Mr B had done something wrong. They did need to have reasonable grounds to believe that he'd misused his account, which went beyond a suspicion or concern, and which had appropriate supporting evidence.

Here, Starling received an official fraud report from another bank, which detailed how the sender had been defrauded. Mr B had passed the allegedly fraudulent funds on relatively quickly, sending them to another account of his, which meant they couldn't automatically be sent back to the alleged victim. And his Starling account had not had much genuine activity beforehand – essentially, Mr B had opened the account, made some small online payments, and then received and passed on funds that were officially reported as fraudulent.

Ideally, Starling should have contacted Mr B at the time and given him a chance to evidence he was entitled to the funds he'd received. It looks like they removed the marker partly due to not contacting him at the time, and largely out of sympathy for his young age.

But even if Starling had contacted Mr B at the time, it doesn't look like he would have been able to evidence he was entitled to the funds. Our service asked him for such evidence back in 2019, shortly after the incident in question, and he didn't provide any. This is despite the fact that, for example: it had not been long since the payment; that Mr B arranged this online and so there would've been records of his contact with the buyer; that Mr B told us he'd sold the buyer some cryptocurrency, the nature of which is such that he would have been able to show he sent the currency; and so on.

So I'm not convinced that this marker should have necessarily been removed. There seems to be a significant chance that Mr B did indeed misuse his account. As such, there's an argument that Starling doesn't need to pay any compensation here at all.

But even if I accept that the marker was incorrect, I still think Starling's offer is fair.

Starling acted very quickly to review things, remove the marker, and respond to Mr B's complaint. And while I understand that Mr B was caused some distress and inconvenience after his main account was closed, he was only left without an account for a relatively short time, and from what he's told us I wouldn't consider the financial impact to have been large.

I do understand that Mr B would like an apology from Starling. The problem is that if I were to *tel* Starling to apologise, their apology would seem forced rather than genuine – they'd be saying sorry because I told them to. Further, I can see that Starling have already apologised, and that clearly has not repaired their relationship with Mr B. So I don't think another apology is likely to help.

Instead, we often tell businesses to pay compensation, to recognise what they may have got wrong and the impact it had. When it comes to the amounts, it's worth bearing in mind that we're here to resolve complaints informally – and not to punish businesses or issue fines. And while I do appreciate that Mr B was worried about what *could* have happened, we only make awards for things which have actually happened. Taking everything into account, I agree with our adjudicator that Starling's offer of £50 compensation is fair in this case.

My final decision

For the reasons I've explained, I think that Starling Bank Limited have already made a fair offer to resolve this complaint. I don't make any further award.

This final decision marks the end of our service's involvement in the case.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 26 October 2022.

Adam Charles
Ombudsman