

The complaint

Mr E complains that Starling Bank Limited haven't done enough to recover his international payment which didn't arrive.

What happened

When planning his wedding in Greece, Mr E made two international payments to Eurobank through Starling.

The first payment was successful, however there was a problem with the second payment for 3000 Euros sent in September 2021.

Mr E was informed that the funds hadn't been received and they were returned to the intermediary bank called Bank A. And, when he contacted Bank A, they said they had returned the funds to Starling.

Starling said they raised a recall and investigated but, as Bank A used invalid return details, they couldn't trace the funds or provide Mr E with a refund.

Mr E asked Starling to liaise with Bank A and further investigate, however Starling said Mr E would need to contact Bank A. When Mr E complained, Starling apologised but didn't uphold his complaint. They explained they hadn't made the error and didn't have the funds.

Mr E complained to our service. Our investigator upheld the complaint as he felt Starling should have done more to recover the funds. He said Starling should pay Mr E £2590.48, which is the total deducted from Mr E's account when the 3,000 Euros transaction was completed. Also, Starling should pay 8% interest on this amount going from the date the funds were sent back to them. In addition, he said Starling should pay Mr E £100 for the distress and inconvenience caused.

However, Starling didn't agree and said they had acted in Mr E's best interest, followed the correct procedures, and explained the delay was caused by Bank A.

So, this case has been referred to me to look at.

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, for the following reasons, I have come to the view that I agree with the conclusions reached by our investigator.

I first looked at Starling's terms and conditions and found the following:

'Other organisations are also involved in processing International Payments and we are not responsible for all stages of an International Payment. If we become aware that an International Payment has been rejected or delayed, we will try to help you retrieve the

funds. Where an International Payment fails for a reason which is our fault, we will return the funds in full to your Account. Where the failure is not our fault, the funds may need to be reconverted to the currency that your Account is denominated in before we can return them to you and you may receive less than you originally paid. If you include incorrect payee information on the International Payment instruction, we will try to help you recover the funds, but may charge you a fee for doing so. We cannot guarantee that we will be able to return the funds to you.'

'We accept liability where we act on a payment instruction and this is not received by your payee's bank (or a correspondent bank of your payee's bank), except where this is a result of your or your payee's bank negligence (for example if you included the wrong payee details).'

Although I can see the payment failure isn't Starling's fault and understand the approach they have followed, I can't see that Mr E made an error or the payee bank were negligent. Mr E made two payments using the same details and the first was successfully completed. This, and the information on file, shows it more likely than not that Bank A, who Starling use to provide international payment services, contributed to the payment being rejected and the refund not being returned.

So, I don't think Starling treated Mr E fairly or reasonably. This was a payment for a very important event and, instead of leaving matters mostly to Mr E, Starling ought to have taken ownership. And, as they rely on an intermediary bank for international payments, made immediate escalations with Bank A to provide another payment or refund. As Starling didn't do this, Mr E had to intervene and make other arrangements. And, because Starling left the refund unresolved, Mr E has been without his funds for some time and experienced stress and inconvenience.

Putting things right

So, I think Starling should refund the £2590.48 and pay 8% simple interest on this amount from the date Eurobank rejected the international payment. In addition, they should pay Mr E £100 compensation for the distress and inconvenience caused.

My final decision

My final decision is that I uphold this complaint.

I require Starling Bank Limited to pay Mr E £2590.48. Also, to add 8% simple interest onto this amount from the date Eurobank rejected the international payment and pay Mr E £100 compensation for the distress and inconvenience caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr E to accept or reject my decision before 2 January 2023.

Paul Douglas
Ombudsman