

## **The complaint**

Mr G has complained Starling Bank Limited won't refund him for transactions he didn't make.

## **What happened**

Mr G noticed a series of transactions on his Starling account made on 17 and 18 November 2021 which he didn't recognise. These had been conducted using Google Pay and he wasn't aware of this service. He complained to Starling. At the time he was also unable to access his Starling app.

Starling didn't believe these transactions were fraudulent. They wouldn't refund him. Unhappy with this outcome, Mr G brought his complaint to the ombudsman service.

Our investigator initially felt the transactions seemed to be fraudulent. There was a series of online transactions made with one supplier as well as three retail transactions conducted in places where Mr G couldn't have been.

Starling provided additional evidence to show they'd sent Mr G a text about Google Pay being set up. Our investigator felt that suggested Mr G must have made these transactions.

Mr G denied this and has asked an ombudsman to consider his complaint.

## **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 believe our investigator came to the correct conclusion in her initial view. I'll explain why.

Where there is a dispute about what happened, I have based my decision on the balance of probabilities. In other words, on what I consider is most likely to have happened in the light of the evidence.

When considering what is fair and reasonable, I'm required to take into account: relevant law and regulations; regulators' rules, guidance and standards; codes of practice; and, where appropriate, what I consider to have been good industry practice at the relevant time.

The regulations which are relevant to Mr G's complaint are the Payment Services Regulations 2017 (PSRs). These primarily require banks and financial institutions to refund customers if they didn't make or authorise payments themselves. Other factors do apply but nothing else specific in Mr G's case.

So to help me decide what happened, I've looked at the evidence of the transactions, as well as what Starling and Mr G have told us. We also have a timeline of events which is the disputed transactions on 17 and 18 November 2021.

I've taken the following into account in reaching my conclusion:

- Mr G has told us he'd made some transactions on 17 November to make purchases on an online marketplace. But afterwards he'd definitely not set up Google Pay. I see no reason to doubt Mr G's protestations that he was unaware of Google Pay. This isn't a service he'd necessarily need to make use of bearing in mind the use I can see he made of his Starling account.
- Mr G retained his debit card and mobile phone throughout.
- Starling has provided us with evidence which shows they sent text messages, including an authorisation code to set up Google Pay, to Mr G's mobile phone before the disputed transactions. Mr G has always denied receiving these.
- They have not been able to provide us with any evidence showing IP addresses for the series of Google Pay transactions to the same retailer.
- The disputed transactions are unusual when I consider Mr G's normal account usage. I also note three transactions included what looks like petrol and food purchases. These took place hundreds of miles from Mr G's location and at times (21:15 onwards and including one at 01:10 on 18 November) that I think unlikely for Mr G to be using his card (on Google Pay or otherwise).
- I'm always slightly wary of claiming there's a specific type of fraudulent behaviour when this can vary widely. But it is certainly more common for an unknown fraudster to use as much money as quickly as possible particularly if someone still has access to their own mobile account – as happened here – and report it promptly. The type of transactions here – which include potential cryptocurrency purchases – could fit that profile.

It's not my role to decide how someone else could have got hold of Mr G's card details and use these fraudulently to set up Google Pay – particularly when I see Starling has evidence which shows messages were sent to Mr G's phone. I just have to be satisfied that there are scenarios how this could have taken place.

I have considered the possibility that Mr G allowed someone else to set up Google Pay on his account and use his card but can't see why that would be the case.

I have balanced the fact Starling sent Mr G a text with the lack of other evidence I'd expect to receive from Starling about the disputed card transactions. I'm also aware that Mr G was unable to access his Starling app which suggests some form of compromise may have taken place. In addition even if messages were sent to Mr G's phone, I've seen no evidence which shows he authorised the individual Google Pay transactions. These would have needed no further authorisation from Starling.

On balance I believe it's most likely Mr G didn't authorise these transactions.

### **Putting things right**

As I don't believe Mr G authorised these transactions, Starling will need to refund him in full. The disputed transactions add up to £2,402.97. They will need to add 8% simple interest a year when repaying Mr G.

Although I've reached a different decision to the last view presented by our investigator, I'm aware that this reflects the outcome of her initial view. So I'm satisfied that both parties have been given plenty of time to provide additional and relevant evidence.

### **My final decision**

For the reasons I've given, my final decision is to instruct Starling Bank Limited to:

- Refund £2,402.97 to Mr G; and
- Add 8% simple interest to those transactions from 17 and 18 November 2021 to the date of settlement.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 16 November 2022.

Sandra Quinn  
**Ombudsman**