

The complaint

Mr C is unhappy Starling Bank Limited (Starling) closed his account without any explanation.

What happened

The facts of this case are well known to both sides so I will just summarise them here.

In October 2022 Starling notified Mr C that it would be closing his account in 60 days' time. Unhappy with this, Mr C complained to Starling, asking it why it was taking this action. Starling explained it can close an account in line with the terms and conditions and doesn't have to divulge the reason.

Because of Mr C's complaint, Starling put the closure on hold. In its correspondence on 23 May 2023, whilst it maintained its position, Starling gave an additional four months' notice of closure and offered £250 for the length of time it had taken to conduct this additional review. The account was therefore set to close on 23 September 2023. However, Starling extended this again whilst it considered a further response to Mr C's solicitors, giving a closure date of 18 November 2023.

Mr C says the closure is a breach of FCA Principle 6 which is the requirement to treat customers fairly as per the Payment Account Regulations 2015, he has a right to a basic payment account. Mr C believes the closure of his account is due to his Politically Exposed Person (PEP) status contravening the Financial Conduct Authority's (FCA's) guidance on domestic PEP's. He says the closure has caused him distress and unnecessary legal costs. Our Investigator partially upheld the complaint. She was satisfied Starling had closed Mr C's account in line with the terms and conditions. However, our Investigator thought the £250 Starling offered for the delay in its review of the closure was a fair offer in the circumstances as the delay would have caused Mr C uncertainty, leaving him in limbo as to whether his account would be closed or not.

Following our Investigator's review, Mr C received documents from Starling as a result of a Data Subject Access Request (DSAR). Starling sent him internal notes and articles it relied on when closing his account. In its response to Mr C's solicitors Starling explained that its reasons for closing Mr C's account don't relate to him being a PEP or his political views. Instead, it says it has relied on a number of factors including adverse media checks. Mr C and his solicitors dispute this as they feel the articles and media Starling relied on make it clear the decision to close his account was motivated by political factors.

Because Mr C disagreed with the outcome reached by the Investigator, the complaint has 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.

Starling has a wide range of legal and regulatory obligations it must meet when providing account services to its customers. These obligations are ongoing so don't just apply at

account opening stage. To comply with these obligations, it may need to review accounts. Sometimes these reviews will lead to the accounts being closed. If Starling didn't do this, it could risk serious sanction.

But if a financial institution chooses to close an account, it should do so in line with the terms and conditions of the account and its reasons should be legitimate, fair and non-discriminatory.

Starling isn't under any obligation to reveal to a customer why it closed an account. This information is often commercially sensitive. So, I don't think Starling did anything wrong in not communicating its reasons for closing the account to Mr C at the time. But as it stands, Starling has sent Mr C further information around why it closed his account. The internal notes shared during the DSAR point to Mr C falling outside of Starling's risk appetite because of adverse media – something it applies a universal policy on across its business.

I've considered what Mr C has said about the nature of the media Starling has relied on in reaching its decision to close his account. Whilst I agree the topics of these articles and media do stem from his political position, I'm satisfied this doesn't mean his account was closed because of his position. Instead, having reviewed the media, I find it reasonable that Starling decided that operating an account for Mr C fell outside of its risk appetite.

Taking this into account, I'm satisfied Starling was able to close Mr C's account and did so in line with the terms and conditions by giving notice. So, while I know this has caused Mr C inconvenience, Starling has the discretion to offer accounts to who it wishes, just as Mr C can choose who to bank with.

Starling offered £250 for the time it took to review its decision to close Mr C's account. I think Mr C has benefited from the lengthy extensions to the notice period as he was able to use his banking facilities during this time. But I do appreciate Starling took a long while to respond to Mr C and this would have been an unsettling time for him, not knowing what the outcome might be. So, I think this offer is fair and reasonable in the circumstances.

My final decision

My final decision is that I partially uphold Mr C's complaint and direct Starling Bank Limited to pay him £250.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 5 March 2024.

Sarah Brimacombe

Ombudsman