

## **The complaint**

Mr D complains that Starling Bank Limited (Starling) unfairly refused to approve a payment made to his account from an overseas bank account.

Mr D wants Starling to refund fees and pay lost interest.

## **What happened**

In early June 2023, Mr D told Starling that he expected to receive the proceeds of a property transaction from outside the UK to his Starling account. Starling explained what steps would need to take place to receive the money and said it would place a note on Mr D's account.

On 19 June 2023, Mr D told Starling that he was selling a car and furniture and would transfer the funds to his Starling account. The next day, Mr D transferred over £72,000 from an account overseas to his Starling account.

After Starling received the request to credit Mr D's account, it asked him for evidence of the source of the money.

Although Mr D supplied bank statements from the sending account, Starling said that this did not explain the source of the funds so it returned the money at the end of June 2023.

Starling apologised for not explaining to Mr D during the call in early June 2023 that it had a regulatory duty to monitor and review incoming payments. Although Starling didn't uphold Mr D's complaint about returning the payment, it paid him £100 for the poor service that he received.

Our investigator thought that although Starling had to carry out regulatory checks, by not making Mr D aware of these beforehand, Starling had not treated him fairly. Our investigator asked Starling to increase the compensation to £250.

Mr D disagreed with the investigation outcome. He wanted the investigator to listen to the first call he had when he discussed the proposed transfer with Starling and then when he spoke to a supervisor.

Mr D doesn't think it's fair that he will have to pay the transfer fee twice. Mr D says he lost out on interest because the foreign currency interest rate is far higher than the sterling interest rate. Mr D says he asked Starling to contact his bank manager overseas but that it never bothered to do so. Mr D is unhappy about the way that Starling handled 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.

I realise that I have summarised this complaint in less detail than the parties and I have done so using my own words. I've concentrated on what I consider to be the key issues. The rules that govern this service allow me to do so. But this doesn't mean I have not considered

everything that the parties have given to me.

UK legislation and industry guidance, means that regulated financial businesses such as Starling need to have procedures in place to establish the purpose, nature, and origin of funds within a customer's account. Our role is to look at whether Starling has followed the correct procedures.

I have listened to some of the calls between Mr D and Starling, including the first call he had about the international transfer of funds. Having done so, I don't think there is any dispute that Starling didn't mention the possibility of needing to carry out regulatory checks when making an international transfer.

I agree that it would have been better if Starling had made Mr D aware of its regulatory responsibilities during the call. However, by failing to refer to these responsibilities, I don't find that Starling was then prevented from carrying out further checks about the source of the money.

I appreciate that Mr D provided bank statements from the overseas account and suggested that Starling speak to his overseas account manager. However, Starling said that the statements did not establish the source of the money and that it would not contact a third party for the information. I can see this was frustrating for Mr D but without further evidence of where the money had originally come from, I don't consider it was unreasonable for Starling to return the payment.

I understand that Mr D will be disappointed but I agree with our investigator's recommendation that Starling pay a total of £250 compensation for its failure to properly manage his expectations. As I don't think Starling acted unreasonably when it returned the payment, I don't require it to refund the transfer fee or pay interest.

Mr D is unhappy about the way that Starling dealt with his complaint but complaint handling in itself is not a regulated activity which our service can usually consider complaints about. Saying that, I consider an award totalling £250 (which includes any compensation already paid) fairly reflects the inconvenience and upset caused to Mr D. Our approach to awards like this can be found on our website.

### **Putting things right**

Starling should pay Mr D a total of £250 compensation. Starling can deduct from this amount any compensation that it has already paid to Mr D for this complaint.

### **My final decision**

My final decision is that I uphold this complaint. In full and final settlement, I direct Starling Bank Limited to put things right in line with the above directions.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 29 February 2024.

Gemma Bowen  
**Ombudsman**