

## The complaint

C, a limited company, complains that Starling Bank Limited declined its application for an account and didn't explain why.

C has been represented in this complaint by its director, Mr A.

## What happened

Mr A applied to Starling for a business bank account for C. Starling contacted Mr A later that day to say that unfortunately it couldn't offer C an account "*because it falls outside the scope of businesses that we're able to support*". It said it couldn't give details for why individual cases were declined.

Mr A then asked Starling why it had asked him for information when it knew the application would be declined. And he asked for specific reasons why the application was declined. Starling responded that it couldn't discuss its internal policy as to why the decision was made. It said that it requests information as part of its process to verify and understand the activities of a business, and explained that applications are dealt with on a case-by-case basis.

Mr A believes that Starling should have carried out an initial assessment of C before deciding to request information. He says it didn't do that, and he wasted time pursuing an application, only to be told that C didn't qualify for an account with Starling. Mr A believes that, on the basis of the information it had, Starling could have declined the application earlier, avoiding the need for him to waste time gathering information in support of the application. He's told us that as it was, C was able to open an account with another company with no problem soon after being refused by Starling.

Mr A is also unhappy that Starling ran a credit search against C. He says this shows on C's credit file and will affect its ability to borrow money.

One of our investigators considered C's complaint, but didn't think it should be upheld. In summary, she said that C's business was a type that Starling doesn't support. She said Starling had followed its procedures correctly and had asked for information about C to make sure it made the right decision about whether to offer it an account. And she was satisfied that the credit check that Starling ran against C would only show as a footprint on C's credit report, which should have no real impact on C.

C disagreed with the investigator's view, so the complaint's been passed to me.

## 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 is entitled to choose who it does business with. I've looked at the information it's provided to our service, and am satisfied it was entitled to decline C's application. Starling explained to Mr A that it had declined the application because "*it falls outside the scope of*

*the businesses that we're able to support".* Starling wasn't obliged to disclose the reasons for its decision to C. And I don't consider that it acted unfairly by not going into more detail.

Starling provided us with a copy of its internal guidance, which sets out the categories of business which Starling doesn't support. With Starling's permission, the investigator then told Mr A which of those categories Starling considered that C falls into.

Following receipt of the investigator's view, Mr A said that Starling was aware from his first contact of the nature of C's business. So he believes it should have told him straight away that it wouldn't process C's application. And if it had done so, there wouldn't even be a footprint on C's credit file, as the application process wouldn't have reached that stage.

Starling says it needed to clarify what C's business activities were to make sure that it made the right decision about whether to accept C's application. It looks from Starling's computer records as if it took Mr A a little over half an hour to answer the questions in the application. A few hours later, Starling emailed Mr A, asking two further questions: when C's website was expected to go live and a question about whether Mr A would be receiving commission from a given source. Mr A replied with a short email a few minutes later. Starling's decision not to open an account for C was communicated to Mr A by email the same evening.

I'm satisfied that Starling followed its internal procedures and processes correctly regarding C's application. I don't consider that it was unreasonable to ask a couple of brief follow-up questions. And even if I were to accept Mr A's contention that it should have been clear to Starling from the outset that it wouldn't be willing to provide C with an account, I consider that the inconvenience of answering those questions would have been minimal.

I wouldn't expect a footprint on a credit file, simply showing that a credit check has been carried out, to have any material impact on a company, and Mr A has provided no evidence that it has done so.

It follows that I can't require Starling to pay compensation to C, or to take any further action.

### **My final decision**

My decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask C to accept or reject my decision before 8 March 2024.

Juliet Collins  
**Ombudsman**