

## **The complaint**

Ms I complains that Starling Bank Limited did not refund a series of payments she lost as part of a scam.

## **What happened**

Ms I found a cryptocurrency trader on social media and joined a messaging group about them, which showed individuals had received returns on their investments. She signed up and could log into her account to view her trades. She made an initial deposit, then had to pay an insurance fee, followed by additional withdrawal fees. The payments as set out by her representative were as follows:

- **12/05/2023 - £140 to account in Ms I's name**
- **15/05/2023 - £721 to IB**
- **17/05/2023 – £2,106 to NT**
- **17/05/2023 - £2,500 to NT**

When Ms I was asked to pay more fees, she realised she had been the victim of a scam and raised a claim with Starling. Starling explained that there was not enough evidence to show the payments were covered under the Contingent Reimbursement Model ("CRM") code, which provides additional protection for these kinds of scams. And after reviewing the payments, it did not think it should reasonably have intervened more than it did on the payments. So, it did not agree to refund Ms I. Because of this, Ms I referred the complaint to our service.

Our Investigator looked into her complaint and felt that the payments did not stand out as unusual and as the account was relatively new, there wasn't much genuine account activity for Starling to compare the scam payments to. They also acknowledged that Starling had flagged a payment for additional questions which Ms I answered, and these did not raise concerns. So, the payments were processed as they would expect, and they did not think a refund was due.

As Ms I disagreed and an informal agreement could not be reached, the complaint has been referred to me for a final decision.

## **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'm satisfied that Ms I has been the victim of a scam in the circumstances. As the payments were either to accounts in her name, or were used to purchase cryptocurrency, they are not covered by the CRM code as outlined above. However, Starling still had a duty of care to

protect Ms I from financial harm.

In deciding what's fair and reasonable in all the circumstances of a complaint, 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 be good industry practice at the time.

Broadly speaking, the starting position in law is that an account provider is expected to process payments and withdrawals that a customer authorises it to make, in accordance with the terms and conditions of the account. And a customer will then be responsible for the transactions that they have authorised.

It's not in dispute here that Ms I authorised the payments as she believed they were part of a legitimate investment. So, while I recognise that she didn't intend the money to go to scammers, the starting position in law is that Starling was obliged to follow Ms I's instruction and process the payments. Because of this, Ms I is not automatically entitled to a refund.

The regulatory landscape, along with good industry practice, also sets out a requirement for account providers to protect their customers from fraud and financial harm. And this includes monitoring accounts to look out for activity that might suggest a customer was at risk of financial harm, intervening in unusual or out of character transactions and trying to prevent customers falling victims to scams. So, I've also thought about whether Starling did enough to try to keep Ms I's account safe.

Ms I's Starling account had only been opened around six weeks prior to the scam payments occurring. Because of this, there was not much genuine account activity that Starling could compare the scam payments to, to see if they appeared unusual. The payments themselves were not of particularly high value, so I wouldn't expect this alone to have flagged as suspicious to Starling. In any event, Starling did ask further questions when Ms I added 'NT' as a new payee and attempted to make the payment of £2,106. In this, Ms I confirmed the payment was going to an account in her name elsewhere and that she had access to it.

Starling had no reason to at that stage to have suspicions about the payment and I note that in a telephone call later that day in which Ms I discussed the £721 payment, she confirmed she had no concerns about the two payments to NT. And this was after the call handler explained what common cryptocurrency scams look like. So, I think it's unlikely a more tailored cryptocurrency scam warning prior to Ms I making the payments would have made a difference to her decision to carry on with them. With this in mind, I don't think Starling missed an opportunity to meaningfully reveal the scam.

As the payments went to purchase cryptocurrency, Starling was unable to recover any funds. Having carefully considered everything available to me, I don't think Starling missed an opportunity to reveal the scam, so I don't think it needs to refund Ms I in the circumstances.

### **My final decision**

I do not uphold Ms I's complaint against Starling Bank Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms I to accept or reject my decision before 18 March 2024.

Rebecca Norris  
**Ombudsman**