

The complaint

Mr M complains that Starling Bank Limited didn't do enough to prevent the loss he suffered when he sent money to a Starling account as the result of a scam.

Mr M has used a representative to bring his complaint, but for ease of reading, I'll mostly just refer to Mr M himself.

What happened

The detailed background to this complaint is well known to both parties. So, I'll only provide a brief overview of some of the key events here. Mr M says he was the victim of a scam. Between July 2020 and July 2021 he made a series of payments to an account held with Starling from his own bank which is based outside the UK. Together the payments totalled around £52,000. At the time of the payments Mr M believed he was making a legitimate investment and he received periodic reports as to the progress being made. But when he tried to make a withdrawal and was unable to, and communication ceased, he realised he'd been the victim of a scam.

In January 2023 Mr M contacted Starling and informed them his payments into their account had been made as a result of a scam. Starling advised Mr M to raise this through his own bank and also began an investigation. When Starling declined to provide a refund Mr M complained – he was unhappy that Starling had allowed a scammer to open and operate an account.

Starling responded to say that they didn't think they'd done anything wrong and maintained their position with regard to redress. The matter was referred to our service. One of our Investigators didn't think we could consider all of Mr M's complaint. She said the opening of the Starling account was outside our jurisdiction. And for what she could consider, she didn't recommend the complaint should be upheld. Mr M disagreed and asked for an Ombudsman to consider his complaint.

I've already issued a jurisdiction decision setting out that I can only consider a complaint about Starling's actions on or after 31 January 2019.

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've reached the same outcome as our Investigator and for essentially the same reasons. I know this will be disappointing for Mr M, so I'll explain why.

I accept that Mr M has been the victim of a scam. But that doesn't, in itself, entitle him to a refund from Starling. It would only be fair and reasonable for me to direct Starling to do more

if they've failed in such a way that I think it can fairly be said they've caused the outstanding loss.

In the context of my jurisdiction to consider this complaint, there is nothing in the general monitoring of the account prior to the arrival of Mr M's funds where I think Starling ought to have done more. The account operated in a way that was consistent with what Starling knew or reasonably could expect from its customer and an account of that type. The sums received and spent from the account were in line with the information gathered at account opening. The account had also been open and operating in this way for quite a period of time and wasn't newly opened (which can sometimes increase the potential for misuse of an account compared to more established relationships).

The arrival and spending of Mr M's money continued in the established pattern of use for the account. That being said, I note that one of Mr M's incoming payments did flag for additional checks with Starling. And they asked their accountholder for some further information before applying that credit to the account. This was in relation to a payment for around £7,500 which was sent in July 2021. The accountholder provided a plausible explanation for the payment as well as sharing Mr M's details (as the sender) with Starling.

This payment would have appeared to Starling at the time to be intended for its accountholder (the beneficiary name included with the payment information matched that of its accountholder). There were also no other reports of fraud or scams in relation to the account at that time. So, whilst I agree with our Investigator that Starling could perhaps have probed further than they did. Ultimately, I don't think this would have made a difference. It's clear the accountholder was prepared to engage with Starling and provide an explanation and evidence. Overall, I can't fairly and reasonably conclude that Starling's acts or omissions in relation to the monitoring of the account were the cause of Mr M's loss.

When Mr M contacted Starling, they were correct to refer him to his own bank to report the scam. This is the established process for reporting APP scams and is in part to mitigate the risk of malicious allegations (not that I'm suggesting this is what has happened here). And due to the passage of time it isn't surprising that Mr M's funds (the last of which arrived in July 2021) had all already been spent or transferred from the account. It is common for funds to be quickly moved on, presumably to try to frustrate recovery attempts. So there wasn't more Starling could have done at that point with regards to recovery.

I'm sorry Mr M has suffered a loss as a result of a cruel scam. But as (within the context of my jurisdiction) I don't think this is something Starling are responsible for; I can't reasonably require them to do more to resolve this complaint.

My final decision

For the reasons outlined above, my final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 20 February 2024.

Richard Annandale
Ombudsman