

## The complaint

Miss A complains that Starling Bank Limited won't refund the money she lost when she was the victim of a scam.

## What happened

In August 2023, Miss A received a call from someone who said they worked for Starling and that someone was trying to take money out of her account. The caller told her someone had accessed her account from another device and could see all her activity and her passwords. So they told her to move her money to a safe account they gave her the details of, until they could open a new account for her.

Miss A then made two payments out of her Starling account to the bank account details the caller gave her. I've set out the payments Miss A made below:

Date	Amount
29 August 2023	£900
29 August 2023	£701.01

Unfortunately, we now know the caller was a scammer. Miss A realised she had been the victim of a scam when the caller didn't call her back with details of her new account when they said they would. She then contacted Starling to report the payments she had made and ask it to refund the money she had lost.

Starling investigated but said it felt it had met its requirements and didn't think Miss A had taken the required care when making the payments. So it didn't agree to refund the money she had lost. Miss A wasn't satisfied with Starling's response, so referred a complaint to our service.

One of our investigators looked at the complaint. They thought there was enough going on that Miss A should have had some concerns about the payments she was making. And they didn't think Starling needed to have done more than it did. So they didn't think Starling should have to refund the payments. Miss A disagreed with our investigator, so the complaint has 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.

In broad terms, the starting position in law is that a firm is expected to process payments and withdrawals that a customer authorises, in accordance with the Payment Services Regulations and the terms and conditions of the customer's account. However, where the customer made the payment as a consequence of the actions of a fraudster, it may sometimes be fair and reasonable for the bank to reimburse the customer even though they authorised the payment.

Starling is a signatory of the Lending Standards Boards Contingent Reimbursement Model (the CRM code). This code requires firms to reimburse customers who have been the victim of authorised push payment scams, like the one Miss A fell victim to, in all but a limited number of circumstances. And it is for the firm to establish that one of those exceptions to reimbursement applies.

Under the CRM code, a firm may choose not to reimburse a customer if it can establish that:

- The customer ignored an effective warning in relation to the payment being made
- The customer made the payment without a reasonable basis for believing that:
  - o the payee was the person the customer was expecting to pay;
  - o the payment was for genuine goods or services; and/or
  - o the person or business with whom they transacted was legitimate

There are further exceptions within the CRM code, but these don't apply here.

*Did Miss A have a reasonable basis for belief when making the payments?*

Starling has argued that Miss A didn't have a reasonable basis for belief that the person she was speaking to was legitimate. And while I appreciate that she has been the victim of a cruel scam, I do think there were a number of things about what was happening or what she was told that should have caused her significant concern.

The phone number Miss A was initially called from was unrecognised, with no caller ID or phone number displayed. So it didn't show as coming from Starling, or show a phone number she could check belonged to Starling. And while Miss A says she did ask the caller about this, I'm not satisfied the explanation she says she was given was particularly convincing. So as I wouldn't expect Starling to contact customers using a withheld and unidentifiable phone number, I think being contacted in this way should have caused Miss A some concern.

The caller then asked Miss A to make two payments out of her account to bank details they gave her. But she was asked to move her money in two payments, rather than all at once – which is what I'd expect if her account was at risk and there was time pressure on what they were doing. The payment details Miss A was given were also with a different bank, rather than with Starling. And the account was in the name of a seemingly unconnected person, who Miss A doesn't appear to have known or been given a clear explanation about who they were. So I think being asked to make the payments in this way should have caused Miss A significant concern.

When making the payments, Miss A was also shown a series of warnings and messages by Starling. She was firstly shown a warning message when Starling tried to check the details she was making the payment to, which said it had not been able to check the payee's name because the name she had entered didn't match the name on the actual account. The warning then said Starling would never call unexpectedly and ask her to move money to a 'safe' account and that, if she was being told to make the payment, to stop and contact it through the app.

Miss A was then also asked a series of questions by Starling before the first payment went through, including about the purpose of the payment and how she'd been given the bank details. But Miss A answered that the payment was to pay for a bill for services from a tradesperson, event, insurance or utility bill she had received, and that she had received the bank details face to face.

Miss A says she doesn't remember giving these answers and hasn't been able to explain why she answered in this way. But she's also said the caller was talking her through everything, so it seems likely they told her to give these answers. And I think being asked to give incorrect information in her answers about the purpose and circumstances of the payment should have caused Miss A significant concern.

During and after the questions, Starling then showed Miss A further warnings which said if anyone was telling her how to send the payment or which buttons to tap then it was a scam, and that a bank would never tell her to move money to a safe account. And as the warnings she received described circumstances similar to what she had been told was happening and was being asked to do, I think they should have caused Miss A significant concern as well.

I sympathise with the position Miss A has found herself in. And I appreciate that being told her account was at risk was very concerning for her. I also appreciate that there were things about what was happening and what she was told that would have felt legitimate – such as the caller knowing the balance of her account and details of direct debits set up on it. But I don't think these things should have been enough to overcome the parts of the scam that should have caused Miss A significant concern.

So I think Starling has established that Miss A made the payments without a reasonable basis for belief that they were genuine. Starling has therefore established that one of the exceptions to reimbursement under the CRM code applies here, and so it does not have to refund Miss A all the money she lost.

*Did Starling meet its obligations under the CRM code?*

Even though I don't think she had a reasonable basis for belief when making the payments, Miss A may still be entitled to a refund of some of the money she lost if Starling didn't meet its obligations under the CRM code – one of which is to provide effective warnings when it identifies a scam risk.

But the payments Miss A made here weren't for particularly large amounts, or for amounts where I'd expect Starling to have identified a scam risk based on their size alone. I also don't think these payments formed a particularly suspicious pattern that I would have expected Starling to recognise. And I don't think there was anything else about these payments that should have stood out to Starling as particularly suspicious either.

So I don't think it would be fair to say Starling should have identified a scam risk here. And even though it did show Miss A a series of warnings here, as I mentioned above, I don't think it would be fair to say it had acted unreasonably or not met its obligations under the CRM code by not doing more than this.

And so I don't think Starling should be required to refund any of the money Miss A lost as a result of this scam under the CRM code.

*Did Starling do enough to recover the money Miss A lost?*

We expect banks to take reasonable steps to try to recover the money their customers have lost, once they are made aware of a scam.

But Starling's evidence shows it contacted the bank the payments were sent to, to ask it to return the money Miss A had lost. And, from what I've seen, I'm not satisfied anything I would reasonably have expected Starling to have done would have led to any more of Miss A's money being recovered.

**My final decision**

For the reasons set out above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss A to accept or reject my decision before 28 February 2025.

Alan Millward  
**Ombudsman**