

The complaint

Miss A complains that Starling Bank Limited did not refund a series of payments she says she lost to a scam.

What happened

Miss A was looking for work online, and found a website which had a number of different job opportunities. She found a company I'll call 'J' who said they could get her film work, but she had to pay a fee for advertising and to secure film and modelling work. Miss A made the following international payments from her Starling account to J:

Date	Amount	Transaction type
07/07/2023	£475	International
21/08/2023	£1,400	International
21/08/2023	£1,900	International

Miss A went on to find a second job opportunity who said they could provide her with modelling jobs, I'll call this company 'S'. However, Miss A had to pay up front for things such as accommodation, membership fees, clothes and make up. She made the following payments to S:

Date	Amount	Transaction type
25/08/2023	£15.99	card payment
04/09/2023	£300	card payment
05/09/2023	£220	card payment
08/09/2023	£200	faster payment
08/09/2023	£200	faster payment
08/09/2023	£84.01	faster payment
08/09/2023	£20	faster payment

Miss A contacted Starling on 16 September 2023 to report the final four payments as a scam, and she told them this was for a fake membership. Later, on 28 September, she reported the payments made to J. Starling explained that the payments to J were international, so were not covered under the Lending Standards Board's Contingent Reimbursement Model ("CRM") Code which gives increased protection to victims of authorised push payment ("APP") scams. They felt that Miss A had not carried out appropriate steps to ensure the companies she paid were genuine, so they did not agree to reimburse Miss A in the circumstances. And they were unable to recover the funds from the beneficiary accounts.

The case was referred to our service and our Investigator did not think Miss A had a reasonable basis to believe the jobs were genuine, so they did not think Miss A was entitled to automatic reimbursement under the CRM Code. And they did not think the international payments were so unusual that Starling should have intervened prior to processing them. So, they did not recommend that Starling reimburse Miss A.

Miss A disagreed with the outcome, so the complaint was passed to me for a review. Having looked over the information on file, I did not think the complaint should be upheld but I gave different reasons to the Investigator. So, I issued a provisional decision which read as follows:

Miss A has mentioned two separate 'companies' she made the payments to, so I'll focus on each one separately. I'll start with J who Miss A made the initial payments to. As these were international payments, they are not covered by the CRM Code. But Starling still had an obligation to protect Miss A from potential financial harm.

I've firstly considered if Miss A was the victim of a scam when she sent payments to J. Firstly, I can see there is a limited company of the same name registered on Companies House, however this was dissolved in 2010 so was not active for 13 years before Miss A made the payment. Having looked up the company online, I can see a number of different reports of individuals sending J large amounts of money but never receiving any work from them. Or being promised a specific acting job but requiring an additional membership fee for a different section of the company, only to never be contacted again. Based on what I've seen, I therefore think it is more likely Miss A fell victim to a scam perpetrated by J.

It's not in dispute here that Miss A authorised the payments in question as she believed they were part of a legitimate job opportunity. 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 Miss A's instruction and process the payments. Because of this, she 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 Miss A's account safe.

While the initial payment was to an international account, the value was low, and I don't think it should have been picked up for extra checks by Starling. There was then a relatively large gap before the final two payments were made in the same day. While I recognise the values of the final two payments were higher, I don't think they were so significant that Starling needed to intervene. I appreciate Miss A's comments that Starling is the expert and should have technology in place to spot out of character transactions. However, based on what I've seen so far, I don't reasonably think their fraud systems should have flagged the payments in question for further checks. So, I don't currently think Starling missed an opportunity to meaningfully reveal the scam with J.

I've gone on to consider the second scam claim Miss A raised. The initial three payments were made by debit card, so are not covered by the CRM code. I've therefore considered these three transactions in the same way as the initial payments to J. These three transactions were low in value and spread out over a few weeks. So I don't think Starling made an error when it did not intervene in these payments and I don't think they need to reimburse Miss A.

The final four transactions were made by faster payment and they are covered under the CRM Code. As mentioned previously, the CRM Code does provide additional protections to victims of APP scams. But the first thing I need to consider is if an APP scam has occurred. Based on what I've seen so far, I have not been provided with enough evidence for me to think it's more likely Miss A has been the victim of a scam in the circumstances. I'll explain why in more detail.

Miss A has provided us with some screenshots of the conversation she had with an individual who appears to represent an organisation, but I have not seen the entire transcript. I can see she was told some of the payments were membership fees, whereas others were for future accommodation. Miss A has said that after some time she was no longer able to get hold of the individuals and this is what led her to think she was the victim of a scam, but I have not seen evidence of this in the screenshots. I can see that the individual told her that they had put her advert up on a number of different sites, and there seems to be confirmation that Miss A received verification codes to sign up to the websites. Miss A then raised a scam claim with Starling about the payments just eight days later.

On balance, I have only seen evidence that Miss A sent the payments and raised a scam claim just eight days later, which appears to be a relatively short period of time to expect to receive work in. She has said she could no longer contact the individuals, but I've seen nothing to verify this. Due to data protection reasons I can't go into details, but the recipient bank that the faster payments went to did not have concerns about the beneficiary account in question. I also looked into the limited company that Miss A made the card payments to, and I haven't been able to find much information about them, but I can see a company of the same name was incorporated just a few weeks before Miss A made the transactions. While I acknowledge this was therefore a new company, I don't think this in itself is enough for me to be satisfied Miss A was the victim of a scam.

I want to make it clear that I am not questioning Miss A's testimony. But I have to review all of the evidence available to me to come to an outcome that I feel is fair and reasonable. Based on what I've seen so far, I haven't seen enough to safely conclude it's more likely Miss A was the victim of an APP scam that is covered under the CRM code for the final four payments. I therefore currently do not think it is unreasonable that Starling did not reimburse Miss A in the circumstances.

I want to acknowledge the vulnerabilities that Miss A has raised, and to thank her for sharing these with us. Under the CRM Code, we would expect a bank to reimburse a consumer if their vulnerabilities meant they were unable to protect themselves against a particular APP scam. However, I've set out above why I currently think the transactions do not meet the definition of an APP scam, so I currently don't think the CRM Code applies. It follows that I currently do not think Starling needs to reimburse Miss A as a result of her vulnerabilities.

Starling responded and accepted my provisional findings.

Miss A responded and did not agree. In summary she said:

- Starling did not take steps to verify the payees or flag the outgoing payments.
- The payments were not small and instead were substantial.
- Most of the communication with the scammers were via phone calls and some screenshots were deleted by the other individuals.
- She felt her vulnerabilities were not considered.
- A third-party bank did provide a £600 refund in relation to the payments to S.

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 would firstly like to thank Miss A for taking the time to respond to my provisional decision with her thoughts and comments. I appreciate my provisional findings were not the outcome she was hoping for, and I understand how upsetting this must be. I want to assure her that I have taken the time to carefully review everything that is available to me to come to an

outcome I feel is fair in the circumstances.

I do acknowledge that the amounts involved were significant to Miss A, and I don't want to minimise this. But I also have to balance this with the fact Starling processes thousands of payments a day and it wouldn't be practical or reasonable to expect it to scrutinise every transaction made. Because of this, there has to be a balance between Starling carrying out payment requests in a timely manner and its responsibilities of preventing fraud. In this case, I just don't think the payments were of a significant enough value to warrant further checks from Starling before they were processed. And I therefore think it is reasonable Starling did not flag the outgoing payments.

I appreciate that Miss A has sent us all of the information she has available, but I'm still of the opinion that there is not enough for me to be satisfied a scam occurred between Miss A and S. Miss A has questioned how I have reached a conclusion without enough information. In order for me to be satisfied the definition of a scam has been met, I need to see evidence indicating a scam occurred. In this case, while I have seen some information, such as some chats between Miss A and S, this hasn't been enough to persuade me the definition of a scam has been met. The chats were not the complete chats, and other evidence, such as the receiving bank information, has not corroborated that a scam occurred. With this in mind, even though a third-party bank has refunded Miss A for payments she made to S, I am still of the opinion that I haven't seen enough to be satisfied a scam occurred.

I want to assure Miss A that I have considered the vulnerabilities she has mentioned to us. But as I set out in my provisional decision, I would only expect a bank to automatically reimburse Miss A due to her vulnerabilities if I felt the complaint met the definitions of a scam under the CRM code. I've set out above why I don't think that standard has been met in this case, so I think it is reasonable that Starling have not considered her vulnerabilities further.

Having carefully reviewed everything available to me, I am still of the opinion that Starling is not required to reimburse Miss A in the circumstances.

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss A to accept or reject my decision before 6 February 2025.

Rebecca Norris
Ombudsman