

The complaint

Mr A complains that Starling Bank Limited wouldn't let him deposit cash into his account, and that it refused to increase his yearly limit for depositing cash.

What happened

In September 2023, Mr A visited his local post office in order to pay cash into his Starling account. However his transaction was declined because he would be exceeding his yearly limit for depositing cash. Mr A said he understood that the cash limit was £1,000 per month. However when he contacted Starling it told him that, because he had a young person's account, the cash limit was £1,000 per year and the amount he was attempting to deposit would have taken him over that limit. It said that he could apply to increase the limit to £5,000, and he did so. But when he applied, Starling declined to approve the increase in the limit. It advised that Mr A had said his cash payment was earnings for his job, but he did not provide evidence to support this.

The matter was passed to me for an Ombudsman's consideration. I asked Starling about the information it gives to customers concerning cash deposit limits. It provided that.

I issued a provisional decision. In that decision I made a finding that I had seen no evidence that Mr A was informed about the maximum limits for cash deposits on his account. I proposed to require Starling to pay £50 compensation.

Starling accepted my provisional findings.

Mr A said he was under the impression that the cash deposit limit on his account was £6,000 a year, and felt that Starling had changed its terms and conditions without telling him. And he only found out about this when he tried to pay his credit card bill.

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.

My provisional findings are set out below, in italics:

“Starling tells us that it does not specifically tell customers of their deposit limits. Being an online bank, it says that though it will accept cash payments, other methods of deposit are more appropriate.

Mr A seemed to be under the impression that he could deposit £1,000 cash per month, whereas the limit for his account is £1,000 per year. I don't think though that he was specifically told this by Starling, rather that he looked at the information on its website and/or its app. The information that Starling provided, as set out in its terms and conditions is:

“Deposits using the Post Office Counter Service are subject to certain maximum limits we set from time to time (including on the: (i) maximum deposit amounts; (ii) time periods for such deposit limits; and (iii) sharing of such limits with other Accounts you have).”

The amount of this limit is I understand available on the app which is that, for personal and joint current accounts it is £1,000 per calendar year free of charge and that “you will be charged to 0.7% for all deposits over this £1000 credit limit.”

The app then goes on to refer to personal and joint current accounts with a limit of £5,000 per calendar year. This appears to be a maximum limit with no cash deposits being accepted above that sum.

But nowhere in the app can I see a distinction shown between the accounts subject to the £1,000 limit and those subject to the £5,000 limit. My understanding is that the former limit applies to young persons’ accounts.

So I don't think it was made clear to Mr A that his particular account was subject to the lower limit. Further, I understand that his cash deposit was rejected outright, but the terms say that he would be charged 0.7% for deposits over the £1,000 limit. With the amount he was depositing, he would have gone around £360.00 over the limit so would have been subject to a charge of around £2.50. I don't know whether he would have accepted such a charge but he wasn't given that option.

So if Starling has decided to impose a maximum limit for cash deposits on Mr A's account, I've seen no evidence that he was informed of this. I think that for the distress and inconvenience caused, it should pay Mr A £50 compensation.

As regards Mr A's request to increase his limit, I can see that he was asked questions about the cash deposit he was making. And that he said that the cash was earnings. But he wasn't able to provide evidence that that was the case. It is a matter for Starling as to whether it will increase the deposit limits on its accounts, and any information as to how it decides this in individual cases is confidential. So I don't think that Starling acted unreasonably when it declined Mr A's request for an increase in his limit.

Mr A says he feels that Starling acted in a discriminatory way. I can understand why he feels this way but having looked at all the evidence I don't think Starling has done so. I hope that it helps Mr A to know that someone impartial and independent has looked into his concerns.”

I think this case is not so much that Starling changed its terms and conditions. Rather that it failed to inform Mr A properly about those terms and conditions. And as I pointed out in my provisional findings, it could still have accepted his cash deposit with an 0.7% charge.

Nevertheless I accept that Starling could impose limits for cash deposits. I think it's appropriate for the inconvenience caused to Mr A that it pay the award I provisionally proposed, namely £50.

I remain persuaded by my provisional findings. Those findings are now final and form part of this final decision.

Putting things right

Starling should pay Mr A £50.

My final decision

I uphold the complaint in part and require Starling Bank Limited to provide the redress set out under “Putting things right” above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 1 April 2024.

Ray Lawley
Ombudsman