

The complaint

Mr G is unhappy with the costs he incurred when receiving funds into his Starling Bank Limited ('Starling') account.

What happened

Mr G had both a Euro (EUR) and Great British Pound (GBP) account with Starling.

Mr G provided his Starling account details to a solicitor on 4 May 2023 for the purposes of an international transfer – he was expecting an incoming payment in euros. However, it later emerged he'd accidentally provided his GBP account details instead of his EUR account details.

Mr G contacted Starling around 6pm later that day because he hadn't received the payment as quickly as he'd expected. Over the course of this conversation Mr G realised he'd given the wrong account details and wanted to understand the consequences of this. He was incorrectly told the funds he was receiving would be converted from EURs to GBPs at the Mastercard rate. The funds arrived in Mr G's GBP account at 7:42am on 5 May 2023 but they had been converted at Starling's own conversion rate and a 2% fee had been applied.

Mr G was unhappy and raised a complaint. Starling agreed it had provided incorrect information during the conversation on 4 May 2023 and it offered £40 compensation for this. However, it noted the transfer had already been initiated when Mr G approached Starling, so it didn't think it was responsible for the loss he'd incurred. It said the charges applied were in line with the account terms and conditions.

Mr G remained unhappy and brought his complaint to our Service. He made a number of points, including:

- Starling hadn't provided clear information about international transfers or the fact that an EUR account needed to be set up separately from the GBP account. He said the accounts had an international reference which could easily confuse customers and lead to mistakes.
- Based on the information he'd received from Starling on 4 May 2023 he didn't seek to stop the transfer.
- Starling advertised that a conversion from EUR to GBP can easily be made at the current exchange rate with a 0.4% conversion fee **'No hidden commission, no sneaky extra charges.'** But this isn't the case if EURs are transferred into the GBP account – it should have made this clear.

To try to resolve the complaint, Starling then offered to increase its compensation to £150. But Mr G wanted Starling to compensate him for the loss he'd incurred, so he didn't accept.

Our Investigator looked into things and was of the opinion the compensation offered by Starling was fair. They noted Starling wasn't responsible for the initial error and they didn't think it was accountable for the financial loss Mr G incurred.

Mr G disagreed with their opinion. He highlighted that there was sufficient time between him messaging Starling and the transfer completing for it to have been cancelled. He also said the fee information about incoming international payments to the GBP account is difficult to find on the website and is not sufficiently transparent.

Our Investigator didn't change their opinion and so escalated the matter to an Ombudsman to consider.

In response to the Investigator's view, Mr G said that due to a bank system failure, the international transfer wasn't initiated until 5 May 2023, which means it could have been cancelled. Our Investigator asked Mr G for evidence of this and Mr G provided an email from his solicitor. Our Investigator asked for evidence of the payment from the sending bank, but this wasn't provided.

I am now in a position to issue a decision on this complaint.

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.

It is evident Mr G is unhappy with the way Starling conducts its business. He's mentioned to our Service that the transfer process isn't clear, that the advertised rates are misleading and that the fee information is buried. I think it would be helpful to explain that our Service's role isn't to regulate businesses, that would be for the Financial Conduct Authority. Our role is to resolve individual complaints. So, I've considered the points Mr G raised and how they're relevant to his complaint.

In mentioning the international reference being confusing and the lack of clarity over the requirement for an EUR account in addition to the GBP account, Mr G seems to be suggesting that a lack of clear guidance on Starling's part contributed to the initial error that occurred. But Mr G had already set up a EUR account, so I don't think this is a relevant consideration here. And the international reference he's referred to is a reference specific to the account being looked at – so if Mr G had reviewed his EUR account details, he would have seen that account's international reference. For these reasons, I'm not persuaded Starling is responsible for the fact Mr G provided the wrong account details to his solicitor. And I don't think how easily the GBP account fee information could be accessed is relevant here either, given this was an account Mr G unintentionally used.

All parties agree that Starling then provided inaccurate information to Mr G on 4 May 2023 about the fees and conversion rate he'd be charged. So, what I need to consider in this decision is the impact of this mistake.

Whilst Mr G feels Starling should charge him what it said it would charge, our Service's established approach where errors have been made is to consider what would have happened if no error had occurred. And when deciding complaints, where evidence is incomplete or conflicting as it is here, I have to determine what I think is most likely based on the evidence available.

Mr G believes that had he been given the correct information on 4 May 2023, he'd have been able to stop the transfer. For this reason, he thinks Starling is responsible for his loss. However, I'm not persuaded this is the case – I'll explain why.

I appreciate Mr G has now told our Service that the payment wasn't initiated until 5 May 2023, but he's not been able to provide any evidence of the payment itself.

His testimony on this issue, and the email from his lawyer, has been provided at quite a late stage in the complaint and are at odds with the contemporaneous evidence and the testimony he initially provided our Service. I appreciate Mr G didn't make this payment, and so may not have known about a delay straight away, but if the payment wasn't processed until 5 May 2023, I'd expect Mr G to now be able to obtain evidence of this from the sending bank via his solicitor. And without this, I think it's more likely that the payment was processed on 4 May 2023 as the contemporaneous evidence suggests. I say this also taking into account that the payment arrived in Mr G's account by 7am on 5 May 2023, so I do think it would be unusual for a solicitor to be processing payments between the hours of midnight and 7am.

Its these timings which also make me think its unlikely Mr G would have been able to successfully stop this payment. Whilst I appreciate Starling confirmed during the conversation with Mr G that the amount wasn't showing as pending at that point in time (around 7pm), this alone isn't sufficient to show the payment would have been successfully recalled. For this to have happened, Mr G would have needed to have contacted the solicitor, the solicitor would have needed to contact their bank and their bank would have needed to cancel the payment. And I don't think it's most likely this would have been successful in such a short period of time, particularly overnight.

For all of these reasons, I don't think Starling's error caused Mr G any financial loss. Which means all I think Starling needs to do is compensate Mr G for the distress and inconvenience caused. It's clear this error led to frustration and disappointment, as well as some inconvenience for Mr G who had to raise the complaint to try to understand what had gone wrong. I note Starling has recently made an offer to pay Mr G £150 compensation in total, an additional £110 on its initial offer, to settle the complaint. And I think this offer is fair in all the circumstances.

My final decision

For the reasons outlined above, my final decision is that Starling Bank Limited should pay Mr G £150 in total, if it hasn't already, for the distress and inconvenience caused by its error.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 17 April 2024.

Jade Cunningham
Ombudsman