

## **The complaint**

Mr D1 complains on behalf of Mr D that Starling Bank Limited declined Mr D's application for a current account.

## **What happened**

In September 2023, Mr D applied to Starling to open a personal current account. Mr D1 had applied for an account earlier on the same day and had been accepted. However Mr D's application was rejected but Starling would not inform him of the reason for this.

Starling explained that it was limited on the information it could share regarding the declined application. It highlighted that its decision was made only on the information provided in the application. And that the decision was reached in accordance with its internal criteria.

Mr D1 complained to the Financial Ombudsman Service, advising that Mr D couldn't understand why the application was rejected, as he had a better credit record. He could only surmise that Starling wouldn't accept his application because of his employment, as a hairdresser or something on his credit record. Or that Starling had discriminated against him because of his personal status.

Our investigator obtained information from Starling that the reason for the decline was because Mr D works in a salon doing hairdressing. This was deemed by Starling to be a high risk occupation. It declined to give any further details as it said this was confidential information.

Our Investigator thought Starling hadn't acted fairly, Mr D was employed and was not running the business and had applied for a personal account. She said that Starling should have reviewed his application on its own merits, And that Starling should now do this without considering that the employment sector Mr D is in. And that it should pay £350 for distress inconvenience to Mr D.

Starling did not reply to the Investigator's view, so the matter has been passed to me for an Ombudsman's consideration.

## **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.

When Mr D applied for the account, as a hairdresser he selected the option "salons and parlours" for his employment sector. This appears to have resulted in an immediate rejection. Starling's justification for this is that Nail Parlours and Salons are designated as High Risk sectors. Mr D is employed and I think it is fair to assume that he wouldn't be involved in running the business and that he wouldn't have been involved in any financial activity deemed to be high risk.

Yet Starling does not seek to distinguish between being employed and running their own

business when considering the prospective customer's occupation. We asked Starling to provide more information about its decision not to offer accounts for people employed in that sector but it has declined to do so as it considers the information to be sensitive.

Starling designates Nail Parlours and Salons as High Risk sectors. It is not obliged to give an account to anyone who applies and is free to set its terms and conditions accordingly. However, I have to take into account whether the application was fairly considered. And a prospective customer cannot be refused an account for discriminatory reasons. Starling similarly didn't have to give Mr D the reason for turning down an application but again as it refused to do so, I have to consider whether that was fair to Mr D in all the circumstances of the case.

I'm not satisfied that Starling has adequately explained why it treats employees of a "high risk" business in the same way as it does business owners. Whilst Starling will not disclose its reasons for this, on the grounds of sensitivity, this service can accept sensitive information confidentially. And this might have been helpful in understanding Starling's justification for declining the application, even if that might not have been able to be disclosed to Mr D. I'm not satisfied that Starling has provided adequate reasons why it rejected Mr D's application. My view is that it should treat applications for employees on their own merits and not operate a blanket refusal merely because of their employment sector. I think that Starling should reconsider Mr D's application without considering the employment sector he's in.

As regards compensation, my view is that Starling should have explained to Mr D its reason for its rejection of his application, which I don't think was sensitive or confidential information. This would have at least had the result of reassuring Mr D that he didn't have information on his credit record he was unaware of. And I think this caused him anxiety as he felt that he was being discriminated against because of his personal status. I haven't found that there was any discriminatory reason for rejecting his application but nevertheless I understand his anxiety about this. In my view Starling should pay him £350 compensation for distress and inconvenience.

### **Putting things right**

Starling should reconsider Mr D's application for an account without considering his employment sector.

It should further pay him £350 compensation.

### **My final decision**

I uphold the complaint and require Starling Bank Limited to provide the remedy set out under "Putting things right" above.

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

Ray Lawley  
**Ombudsman**