

## The complaint

Mr L complains that Starling Bank Limited won't refund the money he lost when he was the victim of a scam.

## What happened

In October 2023, Mr L says he received a number of text messages from someone offering him a remote working, part-time job. As he was looking for some additional income, Mr L said he was interested. And the messages then explained the job involved pushing products and giving positive reviews, and that he'd receive commission for each set of tasks he completed.

Mr L was put in touch with a mentor, who helped him set up an account on a platform where he could see the tasks he had to do and the commission he had earned. The mentor then also showed him how to purchase cryptocurrency he could use to purchase later tasks. And Mr L made a number of payments from his Starling account to purchase cryptocurrency, as set out below:

Date	Details	Amount
3 November 2023	To 1 <sup>st</sup> payee	£650
7 November 2023	To 2 <sup>nd</sup> payee	£995
10 November 2023	To 2 <sup>nd</sup> payee	£500
12 November 2023	To 3 <sup>rd</sup> payee	£880
12 November 2023	To 4 <sup>th</sup> payee	£925
20 November 2023	To 5 <sup>th</sup> payee	£495
24 November 2023	To 6 <sup>th</sup> payee	£675

Unfortunately, we now know the job was a scam. The scam was uncovered when Mr L asked to withdraw the money he was told he had made. But he was told he couldn't withdraw without paying more money in and, when he didn't pay anything further in, his communication with the platform and his mentor stopped. Mr L then reported the payments he had made to Starling as a scam.

Starling investigated but said it had no reason to believe the payment instructions weren't genuine or that Mr L was being scammed. So it didn't think it had acted incorrectly and didn't agree to refund the payments Mr L had made. Mr L wasn't satisfied with Starling's response, so referred a complaint to our service.

One of our investigators looked at the complaint. They didn't think the payments Mr L made were particularly suspicious or should've indicated to Starling that he was at risk of financial harm. So they didn't think Starling had made an error or should have to refund the payments. Mr L 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.

Banks are expected to make payments in line with their customers' instructions. And Mr L accepts he made the payments here. So while I recognise he didn't intend for the money to go to scammers, he did authorise the payments. And so the starting position in law is that Starling was obliged to follow his instructions and make the payments. So Mr L isn't automatically entitled to a refund.

However, the regulatory landscape, along with good industry practice, sets out requirements for banks to protect their customers from fraud and financial harm. So, in line with this, I think Starling should fairly and reasonably:

- Have been monitoring accounts and any payments made or received to counter various risks, including anti-money laundering, countering the financing of terrorism, and preventing fraud and scams.
- Have had systems in place to look out for unusual transactions or other signs that might indicate that its customers were at risk of fraud (among other things). This is particularly so given the increase in sophisticated fraud and scams in recent years, which banks are generally more familiar with than the average customer.
- In some circumstances, irrespective of the payment channel used, have taken additional steps, or made additional checks, before processing a payment, or in some cases declined to make a payment altogether, to help protect customers from the possibility of financial harm from fraud.

And so I've also considered whether Starling should have identified that Mr L was potentially at risk of financial harm from fraud as a result of any of these payments.

But the payments Mr L made here weren't for a particularly large amounts, or for amounts where I'd have expected Starling to have identified them as suspicious based on their size alone. Mr L's account had been opened shortly before the payments were made, so there wasn't any payment history for Starling to compare the payments to when assessing whether they were out of character. And the payments were relatively spread out, with several days between most of them, weren't obviously connected to each other, and fluctuated up and down in size – so I don't think they formed a pattern that Starling should have recognised as suspicious.

I also don't think the total amount of money moving through Mr L's account during the time when these scam payments were made was significant enough to be particularly suspicious to Starling. Or that this number of payments to new payees should have caused it concern either, as all payments made out of a new account will have to be to new payees.

Mr L has argued that newly opened accounts and payments to new beneficiaries are both signs of unusual activity, and so Starling should have identified a risk and intervened here. But while I agree that newly opened accounts and payments to new beneficiaries can be signs of suspicious or unusual activity, I don't think they are enough, by themselves, to say a risk should have been identified here. Having considered the circumstances surrounding the payments Mr L made as a whole, I still think it's reasonable that Starling didn't identify a risk here.

So I wouldn't have expected Starling to identify that Mr L could be at risk of financial harm as a result of any these payments. And I don't think it's unreasonable that it didn't take any further steps or carry out any additional checks before allowing them to go through, and just followed his instructions and made the payments.

I sympathise with the position Mr L has found himself in. He has been the victim of a cruel scam and I appreciate that my decision will come as a disappointment to him. But, for the reasons I've set out above, I don't think Starling has acted unreasonably or that anything I would reasonably have expected it to do would have prevented his loss. And so I don't think it would be fair to require it to refund the payments he made.

### **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 Mr L to accept or reject my decision before 14 June 2024.

Alan Millward  
**Ombudsman**