

## The complaint

Mr A complains about Starling Bank Limited's lack of account features in contrast to those advertised in its marketing materials, which encouraged him to switch his account.

## What happened

Mr A said his Starling account didn't give him access to its 'Settle Up' feature or an overdraft facility as indicated by Starling's eligibility checker. Mr A complained to Starling.

Starling responded that its Settle Up feature wasn't available 'due to a security measure' and eligibility, but may be available in the near future and it should have said it wasn't available right away. Starling said its website states the overdraft eligibility checker is a guide, not a guarantee as more checks are required. Starling said it should have handled Mr A's account questions better; it apologised for his inconvenience and paid him £75 compensation.

Mr A said Starling acknowledged poor communication and clarity, but said it can't provide these services and hasn't told him why or when they will be available, and told him the onus is on him to check his account. Mr A said Starling had refused to set up a standing order he requested, saying he should make the payment. He felt Starling was treating him differently to other customers to make his experience more challenging.

Mr A said a lack of account features means he can't bank as intended causing a detrimental impact to his wellbeing and mental health. He said he has no overdraft buffer, as with his previous accounts with other banks, to support his budgeting having accepted the account on the prior eligibility checker for £250. He said Starling should reverse this decision not least because of his excellent credit record, which he can evidence. Mr A said he wouldn't have switched to Starling had he known about the limitations of the account.

Mr A said Starling's complaint handler told him it's a risk averse bank, but Mr A said this isn't sensible or professional when it adversely impacts customers and acts outside of what the Financial Conduct Authority (FCA) considers to be fair and reasonable. Mr A said he's under his doctor's care and Starling caused him substantial stress and exacerbated his disabilities.

Mr A referred his complaint to us, and our investigator recommended it be upheld. She said Starling paid compensation, but didn't give Mr A the Settle Up feature and should have said this wouldn't be available right away. Concerning an overdraft facility, the investigator said Starling's website states it just provides a guide and creditworthiness, and other checks will be needed. Starling reviewed this again and said Mr A's application is outside of its risk acceptability, but he can apply again. The investigator said Mr A's medical condition meant the Settle Up feature would be helpful for him, but she found no evidence of discrimination.

The investigator said Starling referred Mr A to its wellbeing team, but they didn't get back in touch with him. She said further support should have been provided and its customer support and explanations were inadequate. She said Starling caused Mr A stress and should pay him further compensation of £130 for his distress and inconvenience.

Mr A wanted an ombudsman to consider Starling's further response of March 2024 as it had not originally dealt with his standing order and should have helped with its completion. Mr A said Starling could have requested additional evidence to show he could meet overdraft commitments, and this might have relieved his financial and health concerns. Mr A asked if

Starling would be willing to allow him to re-apply for the account with staff support. He requested explanations about Starling's conduct on these issues.

### **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.

Mr A is unhappy that Starling has acknowledged failures in its service but isn't working with him to put things right and get the issues resolved. I was sorry to learn about Mr A's disappointment at not being able to access the 'Settle Up' feature on his new account, and that he wasn't given an overdraft facility and has had to set up a standing order himself.

Part of my role is to determine whether what took place was reasonable and whether Starling followed the process of account opening and handling correctly. I'm pleased that Starling has recognised the frustration that it has caused Mr A. And I'm glad to see an acknowledgment by Starling of its poor communications and I hope that it sees this complaint as an opportunity to review its approach to communicating with customers.

I have considered all of Mr A's points of complaint and Starling's letters in response to his complaint. Starling said its welfare support team will reach out to Mr A to discuss how his experiences have impacted his health, and I consider this to be a positive approach.

Mr A said that Starling's advertising shows the account features to be available for a new account. Starling has said that several features of its accounts are not available to all new customers, but are likely to become available with use of the account. Mr A said that not being able to use some of the features that attracted him to the account has been unfair, discriminatory and unreasonable. He said the FCA requires banks to 'pay due regard to the interests of its customers and treat them fairly'. He doesn't think he's been treated fairly.

I can see from the terms and conditions of the account that Starling doesn't have to provide all features immediately to new customers. And the advertisement for the account doesn't say that Settle Up will be available for all customers. However, given the importance of the Settle Up feature to Mr A, as was obvious to Starling from his enquiries, it should have made him aware he wouldn't have this straightaway. Starling has acknowledged that it needs to be clearer about this with its customers, but hasn't said when Mr A would become eligible.

As to Mr A's overdraft application, he felt after using the eligibility checker that he would receive a £250 overdraft. But Starling's website is clear that this is a guide, not a guarantee as more checks are required. As with all banks, Starling is required to lend responsibly and its approach to overdrafts by checking creditworthiness, affordability and fraud is standard, good industry practice. I don't think it was reasonable for Mr A to rely on an overdraft from this information and I don't think Starling has done anything wrong here. Starling reconsidered Mr A's overdraft application in the light of his request, but says it is currently outside the bank's risk appetite. Starling says Mr A can re-apply in future.

Starling's letters explained to Mr A that several banking services and actions have been given to customers in the Starling app, one of these is for customers to set up a standing order. Mr A was sent a message from the customer service team at Starling advising him of how to do this via the app, following the receipt of the standing order document. Starling is a digital bank, and its normal practice is for customers to undertake these actions so that customers have control over their account and can bank their own way. I think this is a fair approach to take and is in accordance with the intention and purpose of the account.

It's not clear to me why Mr A thinks Starling has adversely impacted customers and acted outside of what is considered fair and reasonable by the FCA. From my review of what took place and Starling's records I haven't found anything to show that it discriminated against Mr A or treated him unfairly. Although I think Starling could have communicated much better with Mr A, I think its decision about an overdraft was made on its usual assessment criteria,

and it has shown that some customers don't have immediate access to the Settle Up feature on opening an account, this feature is unlocked as the account is used.

Mr A has described the considerable upset he has been caused. Starling apologised for its generic response to his 'overdraft appeal'. It said its communication with him should have been better. I agree that Starling's communications have added to Mr A's frustration and inconvenience. And I agree with the investigator that further compensation of £130 falls within our guideline for the impact of the poor communications and Mr A having to pursue answers to his questions. Our guidance describes this compensation as fair in respect of, 'repeated small errors or a larger single mistake, requiring a reasonable effort to sort out'.

I also recommend that Starling undertake a further review of Mr A's account, perhaps via its welfare team to reconsider the addition of the features he seeks (Settle Up and an overdraft). Mr A has said he has other evidence of his financial conduct to support a review and Starling might well request this from him in the interests of reaching a fully informed decision.

### **My final decision**

For the reasons I have given it is my final decision that the complaint is upheld. I require Starling Bank Limited to pay Mr A further compensation of £130 for the distress and inconvenience its poor communications have caused him.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 22 October 2024.

Andrew Fraser  
**Ombudsman**