

The complaint

Mr A complains that Starling Bank Limited ('Starling') has declined to refund payments he made as part of a scam.

What happened

In January 2024, Mr A made a booking with a travel agent. Later, Mr A wanted to discuss the booking as he hadn't received any confirmation from the merchant. Mr A searched for a number online and called what he believed to be the genuine telephone number for the merchant.

Mr A was told that he needed to attempt the payment again, this time using his own debit card rather than his partner's. Mr A was also told that the initial payment was still pending and would be reversed at a later date. Two payments of £966.88 and £983.79 were then debited from Mr A's account on 19 January 2024.

On 31 January 2024, an additional payment of £75 was taken by the merchant and Mr A realised that the company he'd originally attempted to book a holiday with had previously taken funds from his account.

Mr A called Starling to make them aware of the issue and that the payments on 19 & 31 January 2024 weren't to the merchant he'd attempted to contact and that he'd been tricked into making them.

Starling looked into the matter but declined to reimburse Mr A. Mr A made Starling aware he was unhappy with this decision and requested a chargeback to be raised. Instead, Starling referred the matter to their Customer Relations team who investigated his complaint.

In their final response letter, Starling declined Mr A's complaint. Unhappy with this response, the complaint was referred to our service.

Our service looked into the matter and the investigator found in favour of Mr A. Starling disagreed with this assessment, stating that there wasn't enough evidence to demonstrate what Mr A thought he was paying for and, therefore, a 'service not provided' chargeback would likely be unsuccessful.

After considering all the available information again, the investigator issued another assessment but didn't uphold Mr A's complaint.

The investigator found that the payments weren't unusual enough for Starling to have intervened. They also found that any chargeback claim raised against the merchant would likely be unsuccessful.

Mr A's representative was unhappy with the investigator's outcome, citing the Contingent Reimbursement Model (CRM) Code and the Quincecare duty as reasons for Starling to refund Mr A. They were also unhappy that Starling declined to attempt a chargeback.

Having reviewed the case, I reached the same overall answer as the investigator, but I address some new points raised following the investigator's outcome. So, I issued a provisional decision and gave both parties the chance to provide any further evidence they wanted considered before I issued a final decision.

My provisional decision

In my provisional decision I said:

I should state that in their submission to our service, Mr A's representative confirmed that the payment of £75 has been refunded by Starling, and so I've not considered this payment as part of my decision.

I'd like to assure both parties that I've considered all the available evidence and arguments put forward in order to decide what's fair and reasonable in the circumstances of this complaint.

Starling are a signatory of the Lending Standards Board's Contingent Reimbursement Model (CRM) Code which requires firms to reimburse customers who have been the victims of authorised push payment (APP) scams in all but a limited number of circumstances.

Within the Code, it's clarified that it only covers *'the transfer of funds executed across Faster Payments, CHAPS or an internal book transfer'*.

This shows that card payments are not covered by the Code. Because of this, I can't say that Starling has acted incorrectly by not considering these payments under the CRM Code.

Mr A's representative has also cited the Quincecare judgment as a reason for Starling to reimburse Mr A. We are aware of this court case and it is taken into account when reaching our outcomes and decisions. So I have considered this when deciding whether Starling ought to have done anything more.

In broad terms, the starting position at law is that a bank such as Starling is expected to process payments and withdrawals that a customer authorises it to make, in accordance with the Payment Services Regulations (in this case the 2017 regulations) and the terms and conditions of the customer's account.

And, generally, Starling can hold Mr A liable for the disputed transactions if the evidence suggests it's more likely than not that he made or authorised the transaction himself. In this case, it's not in dispute that Mr A made the payments and authorised the transactions, although I appreciate that he did so not realising he was the victim of a scam.

As I'm satisfied that Mr A authorised the transactions, Starling can hold him liable.

Should Starling have intervened when Mr A made the payments?

Having reviewed Mr A's genuine account activity, I'm not persuaded that the payments in dispute are so unusual or out of character that they warranted intervention from Starling prior to their release.

I can see that Mr A had made two genuine transactions of over £1,000 around 12 days prior to the payments in dispute. This demonstrates that the transactions in dispute aren't significantly unusual or suspicious in comparison to Mr A's genuine account activity. As that's the case, I'm satisfied it was reasonable for Starling not to have intervened and

paused the payments in order question Mr A, or provided warnings, before allowing them to debit his account.

I accept Mr A's point that the payments were made in quick succession, which could indicate that his account was at risk of financial harm. But, given the payments were for amounts which weren't unusual for Mr A's genuine account activity, I don't believe the timing of the transactions is enough, alone, for them to be suspicious or unusual enough to require Starling to question them or provide warnings before allowing them to debit his account.

Should Starling have raised a chargeback?

The payments Mr A has disputed were made using his Mastercard debit card. This means that the payments are covered by a scheme run by Mastercard, known as 'Chargeback'. Importantly, this scheme offers a route of resolution in disputes between consumers and the merchant to whom the payment has been made.

The payments made from Mr A's account appear to have been made to a genuine travel company who are members of the Association of British Travel Agents.

In order for me to find in favour of Mr A I'll need to be satisfied that, on the balance of probabilities, his chargeback claim stood a reasonable chance of success. But, on the balance of probabilities, I find it unlikely any chargeback raised on behalf of Mr A stood a reasonable chance of success given the legitimacy of the merchant and the likelihood that they have supplied goods and services, albeit not to Mr A.

Further to this, based on the information available to them at the time of the dispute, I don't think it was unreasonable for Starling not to have raised a chargeback given it's unlikely it would've been successful.

Starling's handling of Mr A's claim and complaint

Mr A's representative has explained that the overall handling of this situation by Starling has been poor and added to the distress and inconvenience experienced by Mr A. Having reviewed all the available information, I don't agree that Starling have treated Mr A poorly in the way in which they've handled his claim and subsequent complaint.

Overall

I appreciate that Mr A has suffered a financial loss and how impactful this has been on him. But, for the reasons explained above, I'm not satisfied that Starling should be held liable for his loss.

My provisional decision

My provisional decision was that I didn't intend to uphold this complaint against Starling Bank Limited.

Responses to my provisional decision

Mr A's representative responded to say they didn't accept my provisional decision. They also supplied additional evidence and arguments, including, but not limited to, the following:

- The CRM Code was not fully considered by our service.
- Mr A has struggled with poor mental health – and this situation has added to this.

- Starling hasn't provided support for the financial troubles Mr A experienced following this dispute.
- The onus is on Starling to prove Mr A was grossly negligent in order to hold him liable for the payments.

Mr A's representatives also asked our service to delay issuing a final decision while ABTA investigated their complaint.

Starling responded to say they had nothing further to add following my provisional decision. As responses have been received by both parties, I've proceeded with issuing a final decision.

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.

Having considered the additional testimony provided by Mr A's representative, I see no reason to reach a different answer than I did in my provisional decision.

As explained in my provisional decision, I don't believe that Starling handled this situation poorly.

My provisional decision also explained why the CRM Code was not considered further and I'm still satisfied that the Code doesn't apply to this complaint as it doesn't apply to card payments.

My provisional decision explained the relevant considerations specific to this case; the onus on Starling proving Mr A has been grossly negligent not being one of them. As that's the case, I won't be considering this aspect further.

I understand Mr A's representative has requested an extension while ABTA investigate their complaint that the travel company which received the payments failed to act in line with ABTA's code of conduct. Though ABTA may well find in Mr A's favour, this wouldn't impact the liability of Starling as it doesn't affect the relevant considerations I've taken into account as part of this complaint. Therefore, I don't consider the outcome of ABTA's complaint to be relevant to the outcome of this complaint or that it would be appropriate to delay issuing my decision until ABTA's investigation outcome is known.

I have every sympathy for Mr A and the mental health struggles he is experiencing. When considering this complaint, I have to separate the actions of Starling from the actions of the scammers. I don't doubt the considerable impact this situation has had on Mr A, but I believe these to have ultimately been caused by the actions of the scammers rather than Starling.

I can't see that Starling had any knowledge of the mental health issues he was experiencing at the time of the transactions. As they weren't aware of this, I can't say that they failed to take appropriate action to protect Mr A at the time of the transactions.

Further to this, I can see that Starling provided Mr A with information on how they can offer support with the impact this situation has had on him, both financially and with regards to his mental health, following the dispute being raised. Starling also provided details of external organisations which could also provide support. I'm therefore satisfied that Starling has offered support to Mr A in line with what we would expect of them.

Overall, I'm satisfied that Starling should not be held liable for Mr A's loss.

My final decision

My final decision is that I do not uphold this complaint against Starling Bank Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 20 August 2025.

Billy Wyatt
Ombudsman