

The complaint

Mr A complains that Starling Bank Limited ('Starling') closed his account with only seven days' notice and wants it to be reopened.

What happened

In July 2023 Starling got in touch with Mr A to ask about a payment of £1,800 that had been made into his account. Mr A responded the following day and said this was from a friend who owed him money. Starling told Mr A it would review the account and update him accordingly. The account was restricted in the meantime.

A week later Starling asked Mr A for further information regarding another transaction for £1,600. Mr A said this was a payment he'd made to a friend who he owed money to.

The following day Starling informed Mr A it would be closing his account by giving him seven days' notice. It said its decision was made in line with its terms and conditions and that it wasn't able to provide any further details. It told Mr A to use this period to make alternative banking arrangements and to ensure his balance was £0 by the date the account was closed.

Mr A was unhappy about this and said he used this as his primary account for his main expenses and bills. He said he would be happy to provide further evidence as proof of the transactions in question. Starling said it was unable to provide any further information regarding its decision and that it was final. It issued a final response in relation to Mr A's complaint but it didn't uphold it. It reiterated what it had said previously.

Mr A wasn't happy with Starling's response and complained to us. He said he wanted his account to be reopened.

One of our investigators reviewed the complaint but she didn't uphold it. She thought Starling was acting in accordance with its legal and regulatory obligations when it restricted the account and requested further evidence regarding the transactions. And that it was acting in line with its terms and conditions when it closed the account with seven days' notice.

Mr A didn't agree and asked for an ombudsman's decision. He said he'd be happy to provide any further information that was required from him. The matter was then passed to me to decide.

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.

Starling has important legal and regulatory responsibilities to meet when providing accounts to customers. Those obligations are ongoing and don't only apply when an account is opened. They can broadly be summarised as a responsibility to know its customers, monitor accounts, verify the source and purpose of the funds as well as detect and prevent financial harm.

Starling will review accounts to comply with these responsibilities. It's common practice for banks and other financial service providers to restrict access to accounts to conduct a review- doing so helps prevent potential financial loss or other harm that could otherwise result. It's terms also allow it to restrict an account.

Starling's terms and conditions also say that it can close an account by giving two months' notice or with immediate effect in certain circumstances.

Having reviewed all the evidence, including the information Starling provided in response to the investigator's view, I'm satisfied that Starling was acting in line with its legal and regulatory obligations when it restricted Mr A's account in July 2023.

I've also considered the basis for Starling's review, which I find was legitimate and in line with its legal and regulatory obligations. So I'm satisfied Starling acted fairly by blocking Mr A's account.

Starling asked Mr A for information including proof he was entitled to the funds he had received. Mr A said this was money that was owed to him and provided a screenshot from the payee's online bank statement. In relation to the payment he'd made to another friend, he said this was money that he owed for various expenses. I note Mr A said he was prepared to provide further information but, based on what I have seen, I think Starling had enough information to carry on with its review at that stage.

Starling completed its review within a matter of days and decided to close the account with seven days' notice. As I said above it can close an account with immediate effect under its terms and conditions under certain circumstances. And this isn't something we would disagree with as long as it has done so in a way which is fair and complies with the terms and conditions of the account.

Having looked at all the evidence I'm satisfied that Starling was acting fairly and reasonably when it closed the account with seven days' notice. Starling has provided some further details of its decision-making process which, unfortunately, I can't share due to its commercial sensitivity. But I've seen nothing to suggest that Starling's decision around closing Mr A's account was unfair. And I also thought it was fair that it allowed Mr A access to the account during the notice period so he could transfer his money to another account.

I appreciate that my decision will come as a disappointment to Mr A. But for the reasons I provided above, in these specific circumstances, I don't think Starling acted unfairly or unreasonably when it closed his account. For that reason, I haven't asked it to reopen the account or pay Mr A any compensation.

My final decision

For the reasons above I have decided not to uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 28 June 2024.

Anastasia Serdari
Ombudsman