

## **The complaint**

Mr K complains that Starling Bank Limited unreasonably blocked and subsequently closed his business account. He also complained of the time taken to release the remaining funds.

## **What happened**

Mr K held an account with Starling in his capacity as a sole trader. But in May 2023 he found that his account had been blocked. The bank did not offer any explanation of the restriction or timescale it would take to resolve.

Later Starling took the decision to close Mr K's account. The bank told him the funds would be released within 14 days, but it took several weeks longer than this to return the funds. During this time Mr K was in contact with Starling and showing signs of the considerable stress and toll the situation was taking on him.

Unhappy with the closure and impact of this Mr K complained to Starling. In response Starling apologised for the delays in issuing the closing balance and offered £50 compensation. But they felt the closure was fair and in line with their terms.

Mr K then referred its complaint to our service. One of our investigators looked into what happened but didn't think Starling needed to do anything further. They felt the closure was in line with the bank's legal and regulatory obligations, and that while it was clearly distressing for Mr K, Starling had offered appropriate support.

Mr K didn't agree, so the complaint has been 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.

I'm aware that our service has received complaints from several linked enterprises which are broadly about the same issue. In this decision I am only considering Starling's decision to close Mr K's sole trader account.

Starling have strict legal and regulator obligations to meet when providing accounts to their customers. Broadly, these can be described as a duty to monitor accounts and account activity for signs of financial harm – such as fraud, financial difficulties or the like. This means there may be occasions where they need to carry out a review into an account's activity – and the bank may choose to restrict any further activity on the account while they do. There is provision for this in the terms of Mr K's business account with Starling.

There's no specific obligation on Starling to explain the nature of the review to Mr K, and they have declined to do so here. Our service can treat certain evidence in confidence if the ombudsman considers it appropriate – for example if it contains information about third parties or sensitive commercial information.

Starling have provided their reasoning for reviewing Mr K's account to our service, and I'm satisfied it should remain confidential. So, I'm sorry to him that I won't be detailing it here.

I'm satisfied that the decision to review Mr K's account was appropriate, and in line with the bank's legal and regulatory obligations. The review was completed in a reasonable timescale, and I've seen nothing to suggest the bank caused any unnecessary delays.

The ultimate result of the review was that Starling decided to end their banking relationship with Mr K. As there was no further activity allowed on the account, I consider it to have been effectively closed without notice, which under the terms can only be done in very limited circumstances. In this case, considering the reasoning and the terms I'm satisfied that this was a legitimate commercial decision for Starling to make, and in line with their legal and regulatory obligations.

I've no doubt this decision was very distressing for Mr K – from reviewing the available contact notes I can see Starling had to provide specialised care and support to him. I sympathise with the situation he was in. But ultimately, I'm satisfied that Starling made a reasonable decision to close his business account. I can't fairly ask them to compensate him for any distress that flows from this reasonable decision.

In the closure notice Starling said the remaining balance would be returned to Mr K within 14 days – but it was almost a month before cheques were issued. Starling have apologised for this and offered £50 in compensation. I see that as more than reasonable. If Mr K wishes to accept, then he can contact Starling directly. But I do not see that the bank needs to do anything further.

### **My final decision**

My final decision is that Starling Bank Limited need not do anything further to resolve the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 20 August 2024.

Thom Bennett  
**Ombudsman**