

The complaint

Mr S complains that Starling Bank Limited won't refund him payments he made for a furniture removal service, that he now considers to have been an authorised push payment (APP) scam.

What happened

Mr S has explained that in early 2023, he was looking to relocate abroad and so contacted a removals company he believed he had used before. However, Mr S actually contacted a different company trading under a similar name, which I'll refer to as B.

B provided a quote of £2,400 for the move, which Mr S agreed to. However, it was then realised that Mr B would need two separate lorries, rather than one as had been quoted, and so a second vehicle was added to the charge for a further £2,400. B (or third parties directed by B) collected Mr S' furniture as agreed, however he then received contact from B stating that it required a further payment of £2,720 due to the weight of the lorries at the port. Mr S told B he was unhappy as he had relied on B's experience when agreeing to pay, which turned out to be wrong. He advised he would contact his solicitors, but told B in the meantime it is responsible for his furniture until it is considered in court.

Mr S then contacted the firm he believed he had been liaising with by phone and at this point realised B was a separate, unrelated firm. Mr S has since been unable to contact B by phone or email, and B still has both his money and his furniture and has now gone into liquidation. Mr S did manage to speak to the driver by phone who had collected his furniture, who confirmed the furniture was in B's warehouse. Mr B has also identified that several high value items have been removed from his home, which he considers were stolen by the removals driver.

Believing he had fallen victim to a scam, Mr S contacted his bank, Starling, to raise a claim. Starling considered Mr S' claim but didn't uphold it. It considered that this was a civil dispute between Mr S and B on the basis that Mr S received a 'partial service' from B – his items having been collected from his address.

Mr S remained unhappy and referred his complaint to our service. An investigator considered his complaint but didn't uphold it. She didn't think there was sufficient evidence to conclude this was an APP scam. She noted that B had been incorporated for around seven months, prior to payments being made by Mr S and that B provided some services after payment which isn't the standard pattern seen in scams. She didn't consider it could be ruled out that B didn't complete the agreed service for other reasons, such as the dispute over additional charges. From reviewing the recipient's financial accounts, the investigator didn't consider the way the account had been used was consistent with what would be expected for a scam firm. While the investigator acknowledged the similarities between B and another known removals firm, she didn't conclude that B was claiming to be the separate firm, or acting on behalf of it.

Mr S disagreed with the investigator's view. To summarise, he considers that:

- B was set up in order to scam the public, by using a name similar to a legitimate firm. It had no assets, gave a falsified company address and Mr S believes the director specified doesn't exist or is unrelated to B. Mr S has also identified another company with a similar name to B that he believes is linked, and that this director is the fraudster behind B.
- Mr S doesn't agree this complaint can be considered as a civil dispute, as there was no 'agreement' on which civil action can be brought.
- Mr S maintains that there was never an intention by B to deliver his items – that its intention was always to obtain funds from Mr S and steal his items to ship to other foreign markets.
- Mr S referenced other decisions issued by our service, where an ombudsman had concluded that the matter was a scam and not a civil dispute.

As Mr S disagreed with the investigator's view, the complaint has been referred to me for 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.

I'm aware that I've summarised this complaint briefly, in less detail than has been provided, and in my own words. No discourtesy is intended by this. Instead, I've focused on what I think is the heart of the matter here. If there's something I've not mentioned, it isn't because I've ignored it. I haven't. I'm satisfied I don't need to comment on every individual point or argument to be able to reach what I think is the right outcome. Our rules allow me to do this. This simply reflects the informal nature of our service as a free alternative to the courts.

In broad terms, the starting position at law is that a firm is expected to process payments and withdrawals that a customer authorises, in accordance with the Payment Services Regulations and the terms and conditions of the customer's account.

However, where the customer made the payment as a consequence of the actions of a fraudster, it may sometimes be fair and reasonable for the bank to reimburse the customer even though they authorised the payment.

Starling is a signatory of the Lending Standards Board's Contingent Reimbursement Model (the CRM Code). This requires firms to reimburse customers who have been the victim of certain types of scams, in all but a limited number of circumstances. But customers are only covered by the CRM Code where they have been the victim of an APP scam – as defined within the CRM Code. So if I am not persuaded that there was a scam then I will not have a basis to uphold the complaint.

The relevant definition of a scam in accordance with the CRM Code is that the customer transferred funds to another person for what they believed were legitimate purposes but were in fact fraudulent.

The CRM Code also says it doesn't apply to private civil disputes, such as where a customer has paid a legitimate supplier for goods or services but has not received them, they are defective in some way, or the customer is otherwise dissatisfied with the supplier.

So, it doesn't cover a genuine business that subsequently failed.

Therefore, in order to determine whether Mr S has been the victim of a scam as defined in the CRM Code I need to consider whether the purpose he intended for the payments was legitimate, whether the purposes he and B intended were broadly aligned and then, if they weren't, whether this was the result of dishonest deception on the part of B.

Mr S has provided a number of quotes for removals firms and evidence of correspondence between himself and B. I'm therefore satisfied that his intended purpose for the payments made to B was legitimate and that he understood they were to cover removal costs.

I've therefore gone on to consider B's intentions and whether these broadly aligned with Mr S'. Mr S considers B never had any intention of delivering his items to his new address and that this was a theft from the outset. Unfortunately, it's not possible to know with certainty what B's intentions were when Mr S made his payments to it – but before I can consider whether Starling is liable for any of Mr S' losses, I'd first need to find that the evidence was strong enough to show this had been a deliberate criminal scam from the outset rather than it being a private civil dispute between Mr S and B. That also means being able to exclude, on the balance of probabilities, the alternative possibility that this is simply a matter of B breaching its legitimate contract with Mr S through financial mismanagement or other reasons.

Or to put this another way, that means deciding whether the available evidence shows it is most likely that B set out to defraud Mr S with criminal intent. That is a high bar to meet.

I've taken into account, as mentioned, that B had been registered on Companies House for around seven months. I've also received information from B's financial account provider regarding the scam claim, as well as reviewing B's account statements from the time the account was opened until after Mr S had made his payments. While B's banking provider has provided our service with this information – it has done so in confidence. It has provided that which is necessary for the determination of this complaint to allow us to discharge our investigatory functions. Due to data protection laws our service can't share any information about the beneficiaries, the receiving bank accounts or any investigation and action subsequently taken. However I would like to assure Mr S that I have thoroughly reviewed and considered all the information provided before reaching my decision.

Having done so I think the account use doesn't support Mr S' allegation that B was set up as a means to defraud. I say this based on the number of payments that appear to be from customers, in comparison to the number of claims raised. Additionally, while Mr S alleges that the director listed on Companies House either doesn't exist or is unrelated to B, the evidence I've seen doesn't support this statement. I've also seen no evidence of links between B and other similarly named companies and individuals that Mr S claims to be part of the scam.

I can understand why Mr S has concerns surrounding the information available on Companies House for B. While it is certainly a registered firm, this does not always amount to being a legitimate business and the filings provided by B are minimal. However, equally, minimal filings aren't a clear indication of fraud either. While there are certainly question marks over aspects of B, such as its account filings, registered address and similarity in name to another firm, I don't think these are clear indicators of a scam either. B wasn't running for a significant period of time, and while this could be due to it being a scam, it could also be explained by it being a failing business, which would also go some way to explaining the lack of accounts filed. Similarly, while choosing a name similar to a known firm could be an attempt to deceive, there could equally be a number of other reasons for this, ranging from hoping this would increase enquiries received, to sheer coincidence. While it's not uncommon in scams to see popular businesses be 'spoofed' and victims led to believe

they are liaising with another firm, this wasn't the case here – and I can't conclude B's intent was to fool customers into believing it was another firm.

Equally, Mr S has raised concerns regarding how B appears in search engines, in comparison to the well known firm by a similar name. However, this wouldn't be something within B's control and I therefore also can't conclude it did so in order to mislead customers.

I've looked at reviews posted about B by other customers online, as well as claims made about B to its banking provider. While some of these are similar experiences to Mr B (being advised there were weight charges associated with shipping their items), I can also see other reviews where customers have begrudgingly paid these weight charges and their items have been received. Other negative reviews have also suggested B has delivered their items in a poor condition. Therefore I don't think this evidence supports that B enters into agreements with an intent to steal them from the outset. I think it's fair to say that B *may* have questionable practices in applying later charges at a point that customers feel pressured to agree to these – or equally this may be an unfortunate minority – but either way, based on the number of payments B received into its account and the claims made against it, the evidence suggests that B does provide the service paid for and deliver items as agreed. I can also see from correspondence provided by Mr S that B did set out weight limits in its earlier emails with him, which also supports the possibility that B may have not provided its service on the basis that it considered this weight limit was breached.

Mr S has raised a number of concerns about B that it may be involved in money laundering, as well as people and drugs trafficking. My understanding is that no arrests have been made against anyone associated with B and I've not seen any evidence to date that supports these allegations. Mr S has provided online articles relating to scams matching his experience, but these don't relate to, or make reference to, B specifically.

Ms S has also referenced another decision reached by our service which he considers has characteristics similar to his own complaint. Our service considers each complaint separately based on its own merits. When concluding whether or not a complaint is a scam or not, this requires a careful balancing of evidence and will be very specific to the particular aspects of that case. Therefore I don't consider it would be helpful to draw comparisons between Mr S' case and others considered by our service.

Ultimately, there are a number of potential reasons (other than an APP scam) for a breakdown in a relationship between two parties and for such a dispute to exist. And unfortunately, businesses (such as B) can fail or be mismanaged such that contracts are breached and services aren't provided. But that doesn't necessarily amount to evidence of an intent to commit an APP scam.

I appreciate how frustrating and disappointing this answer will be. Mr S has lost not just a lot of money, but some sentimental items as a result of this dispute with B. But I can't exclude the possibility that B entered the agreement in good faith, intending to fulfil the contract and then was unable or unwilling to fulfil the agreement for some reason. The evidence doesn't allow me to conclude, when weighing up these alternative possibilities, that it's more likely B intended to steal his money from the outset and never had any intent of fulfilling the arrangement in full or in part.

That means that I can't fairly hold Starling responsible for the loss suffered here by Mr S. I can understand why Mr S felt aggrieved by how his complaint was worded by Starling, suggesting B had provided a partial service, considering the complaint points Mr B was raising. However, having considered the complaint holistically, I can't fairly tell Starling to pay Mr S the money he's lost, because I don't think it has treated him unfairly or was otherwise at fault here. This also means I can't fairly comment on whether Starling ought to have

intervened further when Mr S made the payment to B, as I haven't ultimately determined that it was a scam payment.

I understand Mr S' family member has recently been further interviewed by the Police in relation to this matter. Should further new material information come to light, at a later date, then a new complaint can be made to Starling. But I'm satisfied, based on the available evidence that I have seen and been presented with by all parties, that this is a civil dispute.

My final decision

My final decision is that I don't uphold Mr S' complaint against Starling Bank Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 14 April 2025.

Kirsty Upton
Ombudsman