

The complaint

Mrs D complains that Starling Bank Limited ('Starling') won't reimburse in full the funds she lost when she fell victim to a scam.

What happened

Mrs D says that in October 2023 she received a call from someone who claimed to be from her credit card provider. Mrs D didn't know at the time, but the caller was a scammer. The scammer told Mrs D that her account was compromised and asked about any other accounts she held. Mrs D was told that all banks work together and she should expect to receive a call from Starling.

Mrs D then received a call from someone who claimed to be from Starling. The caller, who was also a scammer, advised Mrs D to transfer funds from another bank account (which had recently received a £20,000 loan) to her Starling account to ensure they were safe. The scammers discussed a fire wall and said that what Mrs D saw on her screen was different to what Starling saw. Mrs D was asked to authenticate payments that would be pending in the background. The funds would be secured in a pot.

The scammer told Mrs D that she would receive a letter and new card in the post but when this didn't happen, she had concerns. A friend then said things didn't sound right and questioned whether Mrs D was really speaking to her banks. This prompted Mrs D to look up the last number she had been called from, when she found that it was associated with scams.

Mrs D contacted Starling to report what had happened on 18 October 2023. I have set out in the table below the payments that Mrs D has asked Starling to reimburse.

Transaction	Date	Time	Amount	Method
1	13/10/23	19:04	£4,900	Card
2	13/10/23	19:16	£4,800	Card
3	14/10/23	11:08	£4,950	Card
4	14/10/23	11:18	£5,000	Card
5	17/10/23	15:38	£1,370	Card
6	17/10/23	17:00	£800	Card
Total			£21,820	

Starling agreed to reimburse payments three to six (£12,100). It noted that before these payments were made Mrs D transferred a £20,000 loan from her bank to Starling, and agreed to pay the funds directly to Mrs D's bank to reduce her liability. Starling also said that it didn't offer support when Mrs D said she had taken on additional work following the scam. To compensate Mrs D for its error, Starling credited her account with £50.

Mrs D was unhappy with Starling's response and brought a complaint to this service. She said Starling should reimburse her full loss and referred to the fact she still had to repay the loan and fund a car (as the loan was taken out to fund a car purchase).

Our investigation so far

The investigator who considered this complaint didn't recommend that it be upheld. He said that in reimbursing all of payments three, four, five and six Starling had already refunded more than he could recommend. This was because he thought Starling should have flagged payment two and intervened, at which point the scam would have been uncovered. But Mrs D should receive 50% of these payments to take account of her own actions – and had already received more than this.

Mrs D was unhappy with the investigator's findings and asked for a final decision. She said:

- The money wasn't due to be going to another account. It was going to the same account, and she would be issued with a new card.
- Three other financial institutions reimbursed her promptly.
- The lost funds related to a loan which she intended to use to buy a car. She still has to pay this loan off.
- She doesn't understand what happened to her money and has never heard of the payee.
- She has been contacted by the police who have arrested five suspects and say she is the victim of a push payment scam.
- Mrs D questioned why Starling didn't contact her to verify the transactions.

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.

In deciding what's fair and reasonable, I am required to take into account relevant law and regulations, regulators' rules, guidance and standards, and codes of practice; and, where appropriate, I must also take into account what I consider to have been good industry practice at the time.

Where there is a dispute about what happened, and the evidence is incomplete or contradictory, I've reached my decision on the balance of probabilities – in other words, on what I consider is most likely to have happened in light of the available evidence.

The relevant law here is the Payment Services Regulations 2017 – these set out what is needed for a payment to be authorised and who has liability for disputed payments in different situations. With some exceptions, the starting point is that the consumer is responsible for authorised payments and the business (in this case Starling) is responsible for unauthorised payments.

I've also taken into account the common law principle of apparent authority which protects the expectations of a third party who has reasonably relied on a representation by the principal that an agent has authority to act on their behalf.

I'm satisfied that the payments from Mrs D's account were correctly authenticated.

For a payment to be authorised, it must be consented to by Mrs D or someone acting on her behalf. This consent must be given in the form and in accordance with the procedure agreed between Mrs D and Starling. In practice this is set out in the applicable terms and conditions which say, "When you approve a payment via the App or Online Banking, you confirm that you are authorising us to process the payment on your behalf."

It appears it was the scammer who gave the payment instruction using Mrs D's card details, and as Mrs D didn't agree to this, the payment has not been made with her actual authority. I've gone on to consider whether the payment was authorised on the basis that Mrs D confirmed the payment in her banking app. As part of this I've reviewed what Starling has shown this service the screens presented to Mrs D would have looked like.

Here, Mrs D was presented with screens to authorise the payment. These showed the payee name and payment amount. Mrs D was then given the choice to approve or reject the payment. Mrs D then selected 'Approve'.

I think that by doing this, Mrs D made a representation to Starling that the payment instruction was made by someone acting on her behalf. And the clarity of the page about what Mrs D was confirming meant that it was reasonable for Starling to rely on this representation and process the payment. So, for these reasons I think Mrs D gave apparent authority to the scammer to make the payment and that Starling can treat the payment as authorised.

I've gone on to consider whether Starling treated Mrs D reasonably when she fell victim to an authorised push payment scam. As the payments were made by card, I'm unable to consider the provisions of the Contingent Reimbursement Model Code.

There are some situations where this service believes that businesses, taking into account relevant rules, codes and best practice standards, shouldn't have taken their customer's authorisation instruction at 'face value' – or should have looked at the wider circumstances surrounding the transaction before making the payment.

Starling also has a duty to exercise reasonable skill and care, pay due regard to the interest of its customers and to follow good industry practice to keep customer's accounts safe. This includes identifying vulnerable consumers who may be particularly susceptible to scams and looking out for payments which might indicate the consumer is at risk of financial harm.

Taking these things into account, I need to decide whether Starling acted fairly and reasonably in its dealings with Mrs D.

It is clear Mrs D didn't use her Starling account for high value transactions. On that basis, it's arguable that Starling should have intervened when Mrs D made payment one, for £4,900. But certainly, I think Starling ought reasonably to have had concerns when Mrs D authorised the second payment. This transaction meant nearly £10,000 had left Mrs D's account in a twelve minute time frame, which was highly unusual given the usual operation of the account. I consider it likely that intervention by Starling would have broken the spell created by the scammers and resulted in no further payments being made.

But I need to go on to consider what the law says about contributory negligence as well as what's fair and reasonable in all the circumstances of the complaint.

I'm aware that scams of this nature rely on a victim being worried about their funds and acting without too much thought. But I think there were some odd features of this scam which ought reasonably to have concerned Mrs D and led her question what she was being asked to do.

Mrs D transferred £20,000 from her bank account to Starling shortly before the scam transactions. She told this service that she did this to keep her funds in one place and wasn't asked by the scammer to do so. But Starling's records of their conversations with Mrs D say that the scammer asked her to transfer these funds. This seems like an odd thing to do if Mrs D's Starling account was compromised.

I note that the numbers the scammers called from weren't spoofed or in any way associated with Starling and there is no indication the callers knew personal details about Mrs D, as a bank would. Mrs D was also asked to download a screen sharing application, which is an unusual request for a bank.

Although Mrs D says she was told funds weren't leaving her Starling account it was clear that they were. Starling's screen made it clear that a payment was being made and also said, "Has someone called you and asked you to use this screen. If so, tap 'Reject'. It's a scam and you could lose your money." So Starling also provided a warning which was relevant to Mrs D, but wasn't heeded. And Mrs D would have been able to see that payments left her account and went to a third party at an external firm. This directly contradicted what the scammers had told her and ought reasonably to have led her to take additional steps to check the legitimacy of what she was being told.

It's also clear this scam took place over four days with multiple calls from the scammers, so I think Mrs D had the opportunity to consider what she had been told and complete some checks. It was when she checked a phone number she had been called from that she realised she was the victim of a scam. It's unclear why the scam spanned so many days and why this seemed plausible to Mrs D if her account was at risk.

I consider a 50% deduction to reflect Mrs D's actions is fair. Starling has already reimbursed more than 50% of Mrs D's overall loss from this scam, so I don't consider it needs to do anything more.

Overall, whilst I'm sorry to hear about this cruel scam and the impact it has had on Mrs D, I can't fairly ask Starling to do anything more.

My final decision

For the reasons stated, I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs D to accept or reject my decision before 5 August 2025.

Jay Hadfield
Ombudsman