

The complaint

P, a limited company complains that Starling Bank Limited (Starling) blocked its account and have not released the money in the account.

P's complaint has been brought by its Director, Mr L.

What happened

The details of this complaint are well known to both parties, so I won't repeat them again here. Instead, I'll focus on giving my reason for my 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 very aware that I've summarised the events in this complaint in far less detail than the parties and I've done so using my own words. No discourtesy is intended by me in taking this approach. Instead, I've focused on what I think are the key issues here. Our rules allow me to do this. This simply reflects the informal nature of our service as a free alternative to the courts. If there's something I've not mentioned, it isn't because I've ignored it. I'm satisfied I don't need to comment on every individual argument to be able to reach what I think is the right outcome. But I want to assure Mr L that I have read all his submissions.

I've decided to not uphold this complaint. I'll explain why:

- Starling has extensive legal and regulatory responsibilities they must meet when providing account services to its customers. They can broadly be summarised as a responsibility to protect persons from financial harm, and to prevent and detect financial crime. If Starling has concerns about how an account is being used, then it's right that they restrict, or even close the account. The terms of P's account make provision for this.
- In February 2024, Starling asked Mr L to provide information about a number of transactions on P's account that happened between December and February 2024. Starling explained the reasons why it asked Mr L to provide information was because Starling has to comply with its legal and regulatory obligations. This applies to both new and existing customers regardless of how many years a customer may have held an account with Starling. And regardless of whether the customer has been subject to previous reviews.
- I appreciate that Mr L felt the information that Starling requested was unnecessary. And that he had to go to the trouble of collating and providing invoices. But the information Starling asked Mr L to provide is fairly standard information that banks, and other financial businesses are required to have in order to comply with its regulatory

obligations. It's not in my remit to determine what questions Starling should ask its customers to ensure it adheres to its responsibilities. There's no fixed set of questions or period between each customer update request, and they are usually done to reflect the changes in the economy, technology or tactics employed by criminals to commit financial crime.

- Mr L says that Starling's review of P's account has taken too long. And that not being able to access the money in P's account has caused problems for P's business operations. I recognize the overall time this situation has taken so far. And I accept that P's account has been blocked for a long time - since February 2024. And remains blocked. But I do not consider that it would be right for me to conclude it should not have taken more than any particular or specific timeframe. That's because from looking at all the evidence and circumstances of this complaint, I'm satisfied Starling is entitled to do what it did. I say this because Starling had reasonable grounds in which to ask for the information that it had requested from Mr L and block P's account – to comply with its legal and regulatory obligations. So, I can't say Starling treated P unfairly when it blocked its account.
- Mr L says Starling have no right to hold onto the money in P's account. And he's made his own enquiries about how long a bank is entitled to hold onto funds, which he says suggests Starling should have released the money. Mr L says he can't think of any reason why Starling is still holding onto P's funds and believes the bank has in effect stolen P's money.
- As I've already explained our service is an informal alternative to courts. I can't make a finding as to whether the law has been broken, and I don't need to in order to decide this complaint. I also want to make it clear that this service is not the regulator of financial businesses, and we don't police their internal processes or how they operate generally. That includes what it does to ensure it complies with its legal and regulatory obligations.
- After considering what Mr L has said and the content of Starling's review, including the documents Mr L submitted in response to Starling's requests, I don't find directing Starling to release P's funds or awarding P compensation would be fair or appropriate. I understand Mr L would naturally want to know the information I have weighed in order to reach this finding. But I am treating this information in confidence, which is a power afforded to me under the Dispute Resolution Rules (DISP), which form part of the Financial Conduct Authority's regulatory handbook.
- Accordingly, I have accepted information in confidence which I am not disclosing to Mr L. And the description of that information is that it's of a nature which justifies Starling's review, and which has led me to decide that awarding P compensation would not be a fair or appropriate outcome for any of the matters Mr L has brought as part of this complaint.
- So, I'm not requiring Starling to compensate P for any inconvenience that it, may have experienced as a result of the time taken by Starling carrying out its review, and the further dissatisfaction Mr L experienced which ultimately flowed from not having access to the funds in P's account, including his unhappiness with Starling's communication and the information it didn't provide to him.
- Having reviewed everything, I've seen nothing to suggest Starling's decision around blocking and reviewing Mr L's account in February 2024, was unfair. On balance when considering Starling's wider regulatory responsibilities and all the information

available to me, I find Starling had a legitimate basis for blocking P's account.

- I understand Mr L wants Starling to explain the reason it blocked P's account. But Starling doesn't disclose to its customers what triggers a review of their accounts to its customers. It's under no obligation to tell Mr L the reasons behind the account review, as much as he'd like to know. So, it wouldn't be appropriate for me to require Starling to do so now.

In summary, I realise Mr L will be disappointed by my decision. And I appreciate it must have been a worrying and frustrating time for him. But having looked at all the evidence and circumstances of this complaint, I can't conclude that Starling have treated P unfairly when it blocked its account. So, I don't intend to direct Starling to do anything more to resolve P's complaint.

My final decision

For the reasons I've explained, my final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask P to accept or reject my decision before 26 November 2024.

Sharon Kerrison
Ombudsman