

The complaint

Miss G complains Starling Bank Limited won't refund transactions made from her account she says she didn't make or authorise.

What happened

After returning from a holiday abroad, Miss G discovered two transactions that had debited her account on 29 May 2024 for £1,436 and £112 to a travel company in the location she'd been on holiday.

Miss G reported the transactions to Starling on 9 June 2024. But it said it wouldn't refund them. Starling said it thought Miss G had likely authorised the transactions.

Miss G referred her complaint to our service. An Investigator considered the circumstances. She said, in summary, the evidence showed Miss G's genuine card and PIN were used to make the transactions and, based on what Miss G had told us, she didn't think it was likely an unknown third party would have gained knowledge of the PIN, use the card and then return it to hotel reception – which was what Miss G had told us about the card being temporarily out of her possession.

Miss G was also unhappy that, following a Data Subject Access Request (DSAR), she'd discovered Starling had noted the wrong information in relation to her fraud claim. Our Investigator considered that what Starling had already done – which was to review the fraud claim and pay Miss G £300 - was fair and reasonable in resolution of this part of her complaint.

Miss G didn't agree. She maintained she hadn't authorised the transactions, Starling hadn't provided sufficient evidence to prove she had done so and its mistakes in recording the information she'd given during the investigation meant it had reached the wrong conclusion.

As Miss G didn't agree, the complaint's 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.

Under the Payment Services Regulations 2017, generally, Starling can hold Miss G liable for the disputed transactions if the evidence suggests that she made or authorised them. There appears to be no dispute that Starling did not record information about Miss G's fraud claim accurately in the initial stages. So, to reassure Miss G, I want to be clear that where I've referred in this decision to things she's said or information she's given, I've taken that directly from correspondence she's had with our service, the chat transcripts with Starling or call recordings I've listened to.

Starling's provided evidence that Miss G's genuine card and PIN were used to make the disputed transactions on 29 May 2024. Though Miss G didn't report them to Starling until

9 June 2024. Miss G doesn't dispute her genuine card was used, since she's told us her handbag – containing her debit card - went missing from the beach and was later recovered from hotel reception. Miss G doesn't know how long her bag was missing.

The last undisputed use of the card was 28 May 2024 – when Miss G made several cash withdrawals in the hotel. Miss G says she had to make several cash withdrawals and enter the PIN multiple times because of the low withdrawal limit on the machine. Miss G thinks someone observed her entering the PIN and then later stole her handbag from the beach in order to make the disputed transactions. Miss G said her PIN was not written down or disclosed to anyone else. Miss G also told Starling in a phone call on 23 July 2024 that the cash she had was still in her purse when the handbag was returned to her.

I agree that it's possible someone observed Miss G entering her PIN on 28 May 2024. But it seems unlikely the same person would then have kept track of Miss G for several hours waiting for an opportunity to steal the bag or happen to find Miss G's bag sufficiently unattended to take without Miss G realising immediately. I say this because Miss G doesn't know how long the bag was missing, though she tells Starling at one point it was only missing for five minutes. But this wouldn't have been enough time to have made the transactions considering the disputed transactions themselves were made three minutes apart and the location of the merchant in relation to the nearest resort or hotel.

Even if I accept Miss G's card and PIN was obtained in the way she's described – for the purposes of stealing her money – I'm not persuaded an unknown third party would have only made two transactions when there was still money in the account. Nor am I persuaded someone intent on stealing Miss G's money would then replace the card and return the handbag to the hotel reception – with the cash in it from the previous night's withdrawals. To return the bag and card would only increase the risk of being discovered. And it would seem to make little sense to steal money using the card, but then not take readily available cash.

The transactions were made to a travel company, which would be an unlikely transaction for a fraudster to make. The nature of the payment itself doesn't mean it couldn't have been an unauthorised party, but it is fair and reasonable to say it is a less likely transaction for such a person to make, and I've taken that into account when considering the overall outcome.

The disputed transactions took place at 12:42pm and 12:45pm. At 11:26am, a transfer was made into Miss G's account from her savings account of £1,304. When asked about this transaction Miss G told Starling this was to cover her bills that were due to come out of her account as it was the end of the month. But the reference used was "holiday" and I can see earlier and later transfers in are labelled "bills", among other things. So it seems Miss G would usually change the reference depending on what she was transferring in. And, most of the payments that appear to be bills, don't come out of Miss G's account until 4 June 2024, the same day Miss G receives her income payments into the account. It seems strange to me that there is a transfer into the account for a very similar amount to what then debits just over an hour later.

The evidence suggests notifications were sent to Miss G of the payments at the time but this doesn't seem to have prompted her to raise them with Starling. After the transactions had taken place, Miss G carries out several more payments from the account which would require her to log in. The balance of her account would be there to see and clearly lower than expected, by a significant amount of over £1,500. But still Miss G was not alerted to it.

There are further transactions over the following days, again requiring Miss G to log in on several occasions. So it's unclear to me, given how active Miss G seems in managing her money usually, that she didn't notice the significant amount missing from her account until 9 June 2024.

Based on what Miss G has told us, I don't think it's more likely than not that the transactions could have been made by an unknown third party in the circumstances she's described. Overall, I find Miss G authorised the transactions. So, while I know Miss G will be disappointed, I'm not going to require Starling to refund them.

Miss G was also unhappy that on receipt of her DSAR she discovered Starling had noted things down incorrectly. This included dates and explanations Miss G had given Starling in response to its questions about the fraud claim. Miss G was, understandably, concerned that Starling had incorrectly declined her fraud claim because of the inaccurate information. But I've already explained why I don't think Starling needs to refund the transactions – so I don't think these inaccuracies have led to Starling reaching the wrong outcome. Starling paid Miss G £300 in respect of these errors and re-considered her fraud claim. So I'm satisfied that Starling have dealt with this part of Miss G's complaint fairly.

My final decision

For the reasons I've explained, I'm satisfied the £300 Starling has already paid Miss G is fair and reasonable in resolution of this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss G to accept or reject my decision before 30 June 2025.

Eleanor Rippengale
Ombudsman