

The complaint

Miss B complains that Starling Bank Ltd ('Starling') won't refund her the money she lost after she fell victim to an Authorised Push Payment ('APP') scam.

What happened

The background to this complaint is well known to both parties and has been laid out in detail by our Investigator in their view, so I won't repeat it all in detail here. But in summary, I understand it to be as follows.

In December 2023, Miss B met somebody, who I'll refer to as 'J'/the fraudster', through an online dating site. They communicated via messaging apps and voice calls and Miss B believed J was genuine and that they were developing a relationship.

After communicating for a few weeks J told Miss B that they were a professional trader and suggested that she should invest in cryptocurrency, offering her financial help and telling her that they would refund any losses to her. J helped Miss B create what she believed to be a genuine trading account. But unknown to her at the time, she was dealing with a fraudster.

Believing everything to be genuine, Miss B decided to invest and between 2 January 2024 and 15 January 2024 made a number of payments from the account she held with Starling, totalling just over £4,000, to an account she held with a different banking provider (that the fraudster had instructed her to open). Miss B would subsequently move the money on again from there, with it ultimately being exchanged into cryptocurrency, before ending up in accounts that the fraudster controlled.

Miss B has said she realised she'd been scammed, when she was repeatedly asked to pay fees, charges and taxes, when she was attempting to withdraw her money.

Miss B raised the matter with Starling, but it didn't uphold her complaint. In summary, Starling said it wasn't the point of compromise for the loss (as the money had been moved into another account that Miss B held). Alongside this, it said that it had provided Miss B with scam warnings.

Unhappy with Starling's response, Miss B brought her complaint to this service. One of our Investigators looked into things, but didn't think the complaint should be upheld. In summary, she didn't think Starling missed an opportunity to prevent the scam.

Miss B didn't agree with our Investigator's view. As agreement couldn't be reached, the complaint has been passed 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 very 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 focussed 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.

I'm mindful that, in her submissions to this service, Miss B has mentioned actions that other banking providers take to protect their customers. However, it's important to note that bank's fraud detection systems do differ and I am not able to compare the actions of different banks here. I say that as the reasons why a bank's systems trigger will depend on the specific underlying circumstances surrounding a particular payment. And those circumstances are likely to be different for each payment even if, on the face of it, they appear to be very similar.

Starling was a signatory of the Lending Standards Board's Contingent Reimbursement Model (CRM Code). Under certain circumstances, this CRM Code can require that firms reimburse customers who have fallen victim to scams. However, the CRM Code only applies to faster payments made directly to another person's account. So, it doesn't apply to the payments Miss B made, as she made payments to her own account. That means the CRM Code isn't an applicable consideration in this case.

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 2017 and the terms and conditions of the customer's account. Here, it is not in dispute that Miss B authorised the payments in question, so that means she is liable for them, even though she was the victim of a scam.

However, that is not the end of the story. Good industry practice required that Starling be on the lookout for payments that were out of character or unusual to the extent that they might have indicated a fraud risk. On spotting such a payment, I'd expect it to intervene in a manner proportionate to the risk identified.

In this case, I need to decide whether Starling acted fairly and reasonably in its dealings with Miss B when it processed the payments, or whether it should have done more than it did.

With this in mind, I've considered whether the payments Miss B made were ones Starling should have had particular concern about. In doing so, I'm mindful that banks, such as Starling, process a high volume of transfers and transactions each day. And a balance has to be struck as to when it should possibly intervene on a payment(s) against not holding up or delaying its customer's requests.

I don't doubt the payments represented a lot of money to Miss B. But when compared with other payments that Starling processes daily, I'm not persuaded they were of values which I think would have appeared so suspicious or unusual to Starling, such that they ought to have alerted Starling to the possibility Miss B was being scammed or was at risk of financial harm. In the circumstances of this case, I can see that Starling did present some generic fraud warnings to Miss B at the time of the payments, I'm satisfied that was a proportionate response and I wouldn't have expected it to have done any more.

However, and importantly, I think it is worth noting that in the individual circumstances of this case, even if Starling's intervention had gone further than it did, which for the avoidance of doubt I don't think it needed to, I don't think it would have made a difference and prevented Miss B from sadly losing this money. In saying that, I'm required to base my findings on the

balance of probabilities; that is, whether a particular possible outcome of that intervention was more likely than not.

Miss B has told us, and the evidence I've seen, show that she had been subject to social engineering and was being coached extensively by the scammer. This coaching included how she should answer questions posed about the payments she was making and speaking with the fraudster while making the payments. From what I've seen, Miss B followed the fraudsters directions and indeed, Miss B herself has told us that she followed the fraudsters instructions undoubtedly and trusted them completely. This is evident with what happened here, and with payments Miss B made from other payment service providers, where she gave inaccurate information about the purpose of the payments and moved passed warnings she had been given about potential scams.

Sadly, it seems to me that Miss B was so under the spell of the fraudster and determined to make the payments that, even if further intervention had gone as far as preventing her from making payments and blocking her account, she'd have simply sent the funds from another of her accounts. Which I'm satisfied is evident and supported by what she went on to do, when she had tried to make payments unsuccessfully from different places, she was influenced by the fraudster to make the payments from elsewhere, including opening new accounts to facilitate the payments.

Overall, all things considered and given the circumstances, I don't think Starling made an error in allowing the payments to be progressed or missed an opportunity to prevent the fraud.

I've thought about whether Starling did all it could to recover Miss B's money once she had reported the scam to it. Here I can see that Starling did make attempts to recover the money, but was unsuccessful. But given Miss B sent money to another account she held, before then exchanging it into cryptocurrency and then moving it on to accounts controlled by the fraudsters, there was little prospect of Starling being able to recover any of the money.

I'm mindful that Miss B has said she was vulnerable at the time the payments were made. But the evidence I've seen doesn't suggest that Starling had been notified of any vulnerabilities or needs, such that it should have known to take additional steps to protect Miss B.

I don't intend any comments or findings I've made in this decision to downplay or diminish the impact this scam has had on Miss B. I have a great deal of sympathy for Miss B being the victim of what was clearly a cruel scam that has had a significant impact on her. But I can only compel Starling to refund Miss B if it is responsible for the loss incurred. For the reasons explained, having carefully considered the circumstances of this complaint, I can see no basis on which I can fairly say that Starling should be held liable for the loss Miss B has sadly suffered.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss B to accept or reject my decision before 10 September 2025.

Stephen Wise
Ombudsman