

The complaint

Mr P complains that Starling Bank Limited (“Starling”) hasn’t refunded a transaction of £1,136.82 he made for flights.

What happened

The background to this complaint is well known to both parties, so I won’t repeat everything here. In brief summary, Mr P has explained that in February 2024 he paid money from his Starling account for flights but wasn’t provided with valid tickets. He therefore asked Starling to refund the money. But Mr P and Starling couldn’t reach agreement about things, so he referred his complaint about Starling to us. As our Investigator couldn’t resolve the matter informally, the case has been passed to me for a 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.

Having done so, I’ve decided to not uphold this complaint for materially the same reasons as our Investigator.

I’ve focused on what I think is the heart of the matter. 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.

Authorisation

The Payment Services Regulations 2017 (“the PSRs”) are relevant here. Generally, unless Mr P authorised a transaction, Starling had no authority to debit his account.

There are two parts to authorisation: authentication and consent. In terms of authentication, the payment for £1,136.82 was made using Mr P’s Starling debit card and I understand Mr P then approved the transaction through his banking app. So I’m satisfied this is how the transaction was authenticated. This isn’t enough, on its own, to say the payment was authorised. To decide Mr P authorised the payment, I’d also need to be persuaded that he most likely consented to it.

With regards to consent, it’s important to highlight consent here, under the PSRs, doesn’t depend on Mr P having been fully aware of the exact details of the payment at the time. For example, if there was a mistake or Mr P unknowingly paid the wrong amount or wrong merchant, this wouldn’t necessarily mean he didn’t consent to the transaction for the purposes of the regulations. For Mr P to be regarded as having consented to the payment under the regulations, it would be enough for him to have agreed to make the payment and willingly provide his details to authenticate it – which he did.

Whilst I totally understand Mr P's dissatisfaction that he wasn't, he says, provided with valid tickets, I'm satisfied that he did consent to the transaction in the way consent is decided under the regulations for determining whether a transaction is authorised or not. I can't therefore say Starling should have treated this transaction as unauthorised.

Prevention

Starling would generally be expected to process payments a customer authorises it to make. And under the PSRs and the terms and conditions of the account, Mr P is presumed liable for the loss in the first instance, in circumstances where he authorised the payment. However, this isn't the end of the story. As a matter of good industry practice, Starling should have taken proactive steps to identify and help prevent transactions – particularly sufficiently unusual or uncharacteristic transactions – that could involve fraud or be the result of a scam. However, I can't fairly say this transaction was unusual or uncharacteristic such that Starling ought to have prevented it. So I don't think Starling unreasonably failed to prevent the payment before it was sent. Neither could I say Starling should have refunded the transaction to Mr P on the basis of either the Contingent Reimbursement Model (CRM) code or the Payment Systems Regulator's APP scam reimbursement (ASR) rules. The CRM code doesn't apply to card payments like this unfortunately for Mr P. And neither do the ASR rules, which in any event were introduced on 7 October 2024 and aren't retrospective.

Recovery

The potential avenue for recovery of the payment through Starling after it was made was via the chargeback scheme. This is a voluntary scheme set up to resolve card payment disputes between merchants and cardholders. A chargeback can only be made within the scheme rules, meaning there are limited grounds and limited forms of evidence that will be accepted for a chargeback to be considered valid, and potentially succeed.

In this case, Starling raised a chargeback claim for Mr P on this transaction, but the merchant's response provided evidence that it had legitimately supplied flight tickets, which had been used (albeit not by Mr P). I understand Mr P may think this is unfair, and that because he's been the victim of a scam he should receive his money back. But the chargeback scheme provides protection for the genuine travel agent in circumstances where they have likely already provided the services (e.g. the booking of a flight ticket) at a cost to them; and where steps are taken to ensure that the card was being used with the consent of the genuine cardholder, which it was here. This means, in circumstances like this, I wouldn't have expected Mr P's chargeback claim here to succeed, and I can't fairly blame Starling for Mr P not having recovered his money through chargeback.

For completeness, I've also considered whether, if the transaction was made using a credit facility, this would change things. But unfortunately for Mr P, I think here there wouldn't be the type of relationship needed for this to make a difference. This is because Mr P was unfortunately dealing with scammers, which I think would break the debtor-creditor-supplier chain in this particular instance.

I realise this means Mr P is out of pocket; I sympathise; and I've carefully considered everything he's said. But I can't fairly say this is Starling's fault with regards to this particular transaction. Unfortunately, there may be instances like this where things go wrong but consumers can't always get refunded if their bank hasn't done anything wrong. And I think this is such an instance. I can't fairly tell Starling to reimburse Mr P in circumstances where I'm persuaded: it wasn't unreasonable for Starling to treat the transaction as authorised; the transaction wasn't such that I'd reasonably expect Starling to have prevented it from being made; and where I can't see Starling would otherwise have been expected to have successfully recovered it or refunded it.

My final decision

For the reasons explained, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 7 October 2025.

Neil Bridge
Ombudsman