

The complaint

Mr A is unhappy that Starling Bank Limited will not refund £950 he lost as the result of a scam.

What happened

The background to this complaint is well known to both parties so I will not set it out in detail here.

In summary, Mr A fell victim to a safe account scam. He was contacted by the scammer on 15 May 2024, pretending to be from Starling's fraud team. They told Mr A there had been suspicious activity on his account and, in order to keep his money safe, he should transfer money from any other bank accounts he held, into his Starling account. Mr A was then instructed to approve a payment in the app, in order to transfer these funds into a 'safe account'. The scam was sophisticated, and the impersonator was able to win Mr A's trust.

Mr A approved a payment in app for £950 to a money remittance service, on the understanding that his money would be moved to a secure account. When the scammer asked Mr A to transfer more money he became suspicious and ceased all further contact with the scammer.

Mr A then immediately contacted Starling Bank's genuine Customer Service Team to report the scam.

Starling said that although it was sorry Mr A had fallen victim to this scam it didn't think it needed to reimburse him for the money he had lost. It noted Mr A had authorised the transaction using in-app biometric approval. It also explained that the Contingent Reimbursement Model (CRM) code did not apply as the payment had been made by card.

Our investigator did not uphold Mr A's complaint. They said there had been no reason for Starling to intervene before processing the payment as it did not have any suspicious characteristics. And the money could not be recovered under the chargeback scheme as the money transfer provider had supplied the service Mr A had paid for.

Mr A did not accept the investigator's view and asked for his complaint to be considered by an ombudsman.

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 have reached the same view as our investigator and for much the same reasons. I'll explain why.

It is not in dispute that Mr A made and authorised the payment. At the stage he made the payment, Mr A believed he was moving funds to keep them safe and that they would then be returned to him.

I don't dispute Mr A was scammed and he wasn't making the payment for the reason he thought he was, but I remain satisfied the transaction was authorised under the Payment Services Regulations 2017 as Mr A provided in-app biometric approval prior to realising he was the victim of a scam.

Unfortunately, the fact he tried to stop and recall the payment does not alter the fact he had previously authorised it. So, in the first instance Mr A is presumed liable for his loss.

But there are other factors that must be considered. Taking into account the law, regulator's rules and guidance, relevant codes of practice and what was good industry practice at the time, I consider it fair and reasonable that in May 2024 Starling should:

- have been monitoring accounts and any payments made or received to counter various risks, including preventing fraud and scams;
- have had systems in place to look out for unusual transactions or other signs that might indicate that its customers were at risk of fraud (among other things). This is particularly so given the increase in sophisticated fraud and scams in recent years, which firms are generally more familiar with than the average customer;
- have acted to avoid causing foreseeable harm to customers, for example by maintaining adequate systems to detect and prevent scams and by ensuring all aspects of its products, including the contractual terms, enabled it to do so;
- in some circumstances, irrespective of the payment channel used, have taken additional steps, or made additional checks, or provided additional warnings, before processing a payment;
- have been mindful of – among other things – common scam scenarios, how the fraudulent practices are evolving and the different risks these can present to consumers, when deciding whether to intervene.

I would also add that, as the payments were made by debit card, the principles of the Contingent Reimbursement Model (CRM) code do not apply in this case.

Having carefully considered this complaint, I don't think Starling can fairly be held liable for the payment. I'll explain why.

I think it was reasonable for Starling to process this transaction without intervention. I do not find it had characteristics that ought to have led Starling to conclude Mr A was at risk of possible financial harm.

It had a significant account history for Mr A, and Mr A had previously made numerous larger payments than the payment he authorised in connection with this scam. As this is the case I cannot see there were indicators Starling missed that the payment might be fraudulent.

And I must also take into account that there is a balance to be struck. Banks have obligations to be alert to fraud and scams and to act in their customers' best interests. But they can't reasonably be involved in every transaction as this would cause unsustainable disruption to legitimate payments activity. Overall, I am not persuaded that Starling did anything wrong in processing this payment without questioning it further with Mr A.

I have also considered whether Starling did what we would expect to try to recover Mr A's money once it was told about the scam. As the payment was made by debit card the opportunity to recover the funds would be through the chargeback scheme. But I don't

consider that a chargeback claim would have had any prospect of success. Mr A made a payment to a money remittance service. Its contract with him was to arrange the onward transmission of his funds. There would have been no valid chargeback right given there was no dispute that the provider fulfilled the service it 'sold' to Mr A. So I can't say there was any failing in this regard on Starling's part.

Having carefully considered this complaint I do not think Starling needs to refund any money to Mr A. I'm sorry Mr A has lost this money and I can understand why he would like to be compensated for his loss. But I can only consider whether the bank, which had no involvement in the scam itself, should be held responsible for what happened. For the reasons set out above I do not find Starling can be held liable in the circumstances of this case.

My final decision

For the reasons I have set out above, I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 31 July 2025.

Suzannah Stuart
Ombudsman