

The complaint

Mr T complains Starling Bank Limited (“Starling Bank”) didn’t do enough to protect him when he fell victim to a scam. Mr T made the payments from his business account and as he operates as a sole trader, I’ll refer to Mr T throughout.

What happened

Mr T says he was invited to join a group chat about an investment opportunity in cryptocurrency. He’s explained the group included other investors and the testimonies of people making good returns. He says he’d had assurances from the friend who invited him to the group that it was a safe investment and the person running the investment was experienced.

Mr T has explained the investment as he understood it. He said he opened an account with a well-known cryptocurrency exchange which I’ll refer to as B. He said he had no investment experience and he carried out research into B and found it to be a legitimate firm. He said he used his details to set up an account with B and alleges the scammer told him what password to use. A trading bot would make the investments and the alleged scammer would take a percentage of the profits. As far as Mr T was concerned it was completely maintenance free for him.

Mr T said he made deposits into his B account, it was going relatively well and he had no issues. He continued to deposit money and said he checked his B account from time to time and saw there were open trades, but worryingly he noticed the money wasn’t increasing. He said he was encouraged to invest further to recover his losses. He said after he told the alleged scammer he had nothing further to invest, they took control of his B account, which locked him out, and he was removed from the group chat.

I’ve seen bank statements for the time Mr T said the payments were made and can see the first payment to B was in July 2021 and the last in March 2022. Mr T first reported the matter to Starling Bank in February 2024 as he felt it failed to protect him. He said it didn’t challenge or hold any payments which he believes it should have given the payments were irregular and uncharacteristic. He said the delay in raising the matter with Starling Bank was due to the impact the matter had on him.

Starling Bank began to investigate the alleged scam. It asked Mr T a series of questions and for evidence which included a report from B on the alleged scam. Mr T endeavoured to provide this but wasn’t able to as B hadn’t provided him with the information Starling Bank wanted. In its final response Starling Bank said it’s willing to continue to support Mr T with his dispute but it needs the information it’s requested. It also acknowledged a service issue saying it asked Mr T some questions at the end of April 2024 that it could have asked sooner and at one time it didn’t respond to Mr T in a timely manner. For this it offered £100 compensation to be paid to him within a few days.

Unhappy with Starling Bank’s response, he raised the matter with our Service for independent review. One of our Investigators considered the complaint and found there wasn’t sufficient evidence that Mr T had been the victim of a scam, so they didn’t uphold the

complaint. In response, Mr T provided evidence of his crypto wallet and said it shows he made no gains from his investment or withdrawals. He also reiterated why he felt Starling Bank should've done more to detect the scam and prevent the loss and referenced Consumer Duty. He said he could no longer provide evidence of the scam due to his removal from the group chat, which meant there was no chat history, and being locked out of his B account.

The Investigator responded and outlined without evidence of the communication with the alleged scammer and B statements to show the onward transfer of the cryptocurrency they couldn't confirm Mr T had been scammed. Therefore, they wouldn't be reviewing Starling Bank's actions. They made suggestions of other forms of evidence which could be provided. Unfortunately, Mr T wasn't able to provide anything further, other than evidence to show he'd been locked out of his account with B.

As an agreement couldn't be reached the complaint 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.

I'm sorry to disappoint Mr T further but I'm unable to uphold his complaint, for broadly the same reasons as our Investigator, I'll explain why.

In line with the Payment Services Regulations 2017, consumers are generally liable for payments they authorise. Starling Bank is expected to process authorised payment instructions without undue delay. But they also have long-standing obligations to help protect customers from financial harm from fraud and scams. Those obligations are however predicated on there having been a fraud or scam. And so, it would only be reasonable for me to consider whether Starling Bank is responsible for the loss Mr T claims to have suffered if, indeed, he has been scammed. I've therefore considered whether Mr T was a victim of a scam.

It's important to see evidence that a customer has been scammed and that, for example, it isn't a case of a failed investment. In this case Mr T has told our Service he was the victim of an investment scam but hasn't been able to evidence the scam or how it unfolded. For example, he's not been able to provide any evidence of conversations with the friend who he said recommended that he invest, or any interactions on the group chat he said he was a member of for some time. He has provided a transaction history from B which shows that trading took place, but like the Investigator, I don't think this is enough to show that he has lost money to a scam.

This is not to say I don't believe Mr T, but I do think it's reasonable for him to provide some evidence to support his version of events about the circumstances of the scam. He has given reasons as to why he can't and I have sympathy with the situation he finds himself in however, in the absence of that evidence I can't say that it would be reasonable for Starling Bank to be held liable for any of the losses Mr T says he's suffered.

To Mr T's point on Consumer Duty, it came into effect on 31 July 2023, and as it isn't retrospective it doesn't apply to the transactions Mr T made.

I'm sorry to hear of what's happened to Mr T and the impact it's had on him, and I understand why he feels the money should be refunded, but without evidence a scam took place I can't consider Starling Bank's actions with regard to the payments he made towards the investment.

As mentioned, Starling Bank offered £100 for a service issue when dealing with Mr T's dispute. It said on one occasion it didn't respond in a timely manner and it could've asked for information sooner than it had. Having reviewed things, I agree with Starling Bank's assessment of the service it provided Mr T.

Having considered what happened and the offer made, I find £100 is fair compensation for the administrative mistakes which likely caused some inconvenience or even distress to Mr T at an already difficult time. I therefore won't be asking it to increase the compensation it's already paid.

My final decision

My final decision is that I do not uphold this complaint against Starling Bank Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T to accept or reject my decision before 7 January 2025.

Charlotte Mulvihill
Ombudsman