

## **The complaint**

T complains that Starling Bank Limited unfairly closed its business account.

T is represented in bringing this complaint to us by its director, Mr N.

## **What happened**

T opened an account with Starling Bank in April 2019.

In June 2024, Starling Bank contacted Mr N asking for some information as part of a review of T's account, as they had concerns about some transactions on the account. As part of this review, Starling Bank asked Mr N to explain T's business relationship with two companies, which I'll refer to as P and B.

Mr N explained that P is a law firm that works on behalf of B, and B are a bridging company that provide bridging loans. He explained that T sends B money as an investment and T receives interest from B on the money invested with them.

Starling Bank asked Mr N to provide a contract between T and B explaining the relationship between them. Mr N provided a copy of a participation agreement to Starling Bank who asked for some more information from Mr N. He provided the requested information and confirmed that this was likely to be an ongoing arrangement between T and B.

On 10 July 2024, Starling Bank notified T that it was going to close its account with them and gave T a 90-day notice period to make alternative banking arrangements.

Mr N complained to Starling Bank on behalf of T. They didn't uphold T's complaint as they said T's investments with B weren't allowed under the 'Money Lending' provision of their terms and conditions. And they said they had served the 90-day notice to close the account to T in line with those same terms and conditions.

Mr N was unhappy with Starling Bank's decision, so he brought his complaint to our service. One of our investigators looked into the matter but he ultimately agreed with Starling Bank that activities on T's account were linked to money lending via its relationship with B. So, in line with Starling Bank's terms and conditions, they had made no error when they closed T's account.

Mr N didn't agree. He said what T was doing was no different to it sending money to a savings account at another bank which the bank would likely lend on to one of their customers. Therefore, T wasn't acting as a lender.

Mr N asked for an ombudsman to review the case, so it was 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.

Just as a customer may close an account with a bank, a bank is entitled to close an account with a customer. But when it closes the account, it must do so in a way which complies with the terms and conditions of the account.

The terms and conditions of T's account, with which both Starling Bank and T had to comply, say that Starling Bank can close the account at any time by giving T two months' notice, or with less notice, under certain circumstances.

Starling Bank provided T with a 90-day notice to close period in accordance with the terms and conditions of T's business account. So, I can't say Starling Bank treated T unfairly as they gave T longer than the required notice period.

It's important to note that Starling Bank is under no obligation to disclose the reason for its decision to close the account to T. However, in this case, Starling Bank have explained why they closed the account, so I've considered their reasons, as well as Mr N's argument about why the decision was unfair.

Having done so, I agree with Starling Bank, and our investigator, that the arrangement between T and B is linked to money lending, even if T is not directly acting as a lender. I say this as there is a direct relationship between what happens to the money T gives to B, as opposed to T lodging money into a savings account in a bank. There is a continual flow of money in the relationship between T and B and it is specifically being used by B for lending.

Having reviewed the arrangement between T and B, Starling Bank assessed that there was potentially a risk to them as a result of this arrangement and therefore made a commercial decision to close the account.

I appreciate that this situation is frustrating for Mr N, but I can't reasonably say Starling Bank have acted unfairly by closing T's account. They were entitled to close the account, with or without explanation, as they gave the correct notice period. So, I won't be asking them to take any further action in respect of this complaint.

### **My final decision**

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

Under the rules of the Financial Ombudsman Service, I'm required to ask T to accept or reject my decision before 28 April 2025.

Tara Richardson  
**Ombudsman**