

The complaint

Mr A complains that Starling Bank Limited hasn't reimbursed the money he says he's lost to a scam.

What happened

Mr A says he lent £4,500 to a friend, on the understanding that the loan would be repaid after two months. He sent the money to his friend via faster payment from his Starling bank account on 6 January 2024. But his friend has not repaid him as agreed.

Mr A raised a fraud claim with Starling in March 2024. Starling declined to reimburse him under the Lending Standards Board's Contingent Reimbursement Model ('CRM Code') because it believes that this is a civil matter between Mr A and his friend.

Mr A referred a complaint to this Service which our investigator considered but didn't uphold. She too considered this matter to be a civil dispute.

Mr A asked for an ombudsman's final decision, so the complaint has now been 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.

It is my role to decide whether a business error has occurred here and, if it has, what Starling should do to put Mr A back into the position he would've been in but for the banking error. So, I need to consider whether Starling should've reimbursed Mr A in responding to his fraud claim.

In broad terms, the starting position at law is that a firm is expected to process payments and withdrawals that its customer authorises, in accordance with the Payment Services Regulations and the terms and conditions of the customer's account.

When Starling processed the disputed payment, it was complying with Mr A's instruction. At the time, Mr A wanted to send money to his friend and there was no mistake made as the money was sent to the correct account details. As I don't think Starling acted incorrectly by making the disputed payment, I've gone on to consider whether the bank should have refunded Mr A for any other reason, but I don't think it should have.

Starling signed up to the CRM Code, and it was in force when the disputed payment was made. Under the CRM Code, the starting principle is that a firm should reimburse a customer who has been the victim of an Authorised Push Payment ('APP') scam. But the CRM Code is quite explicit that it doesn't apply to all APPs. It says:

"DS2(2) This code does not apply to:

(b) private civil disputes, such as where a Customer has paid a legitimate supplier for goods,

services, or digital content but has not received them, they are defective in some way, or the Customer is otherwise dissatisfied with the supplier.

I understand why Mr A feels he has been scammed if he hasn't been repaid as expected, but I don't think the available evidence indicates he has fallen victim to a scam. The messages I've seen posted on social media by Mr A from around the relevant time confirm that he and his friend were 'close' and had known each other for several years. And Mr A's bank account statements show that he has sent money to his friend on several occasions, seemingly without incident. There's nothing to suggest that Mr A's friend set out to deceive or trick him into handing money over with no intention of repaying him. As such, I think this matter is a civil dispute between Mr A and his friend and Starling is not responsible for reimbursing the disputed payment because of any obligation under the CRM Code.

I sympathise with the unenviable situation Mr A finds himself in, but I'm not satisfied that there has been a bank error in this case.

My final decision

For the reasons I've explained, my final decision is that 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 21 July 2025.

Kyley Hanson
Ombudsman