

The complaint

Mr S is unhappy with how Starling Bank responded, after he raised a scam claim.

What happened

Mr S employed the services of a builder – J. Ultimately that relationship broke down leaving Mr S with incomplete and unsatisfactory work. He contacted Starling and wanted it to investigate J's account. He said if his claims turned out to be correct, he was advised, his funds would be returned to him.

Starling encouraged Mr S to raise a scam claim via his own bank. Mr S says his own bank wasn't helping, so he continued to contact direct Starling to raise his concerns. Starling apologised for the delays and the distress that may have caused. It offered £70 in compensation in recognition of this.

Mr S brought his complaint to our service.

The investigator reviewed the matter and in summary said:

- Starling was correct to direct Mr S to his own bank to raise a scam claim.
- She was not persuaded that by doing so. Starling impacted whether any funds would have been returned to Mr S.
- She said she couldn't divulge any information about the recipient account. But having reviewed the account activity, she didn't think Starling made any errors in the operation of the account. And she didn't see any account activity that warranted Starling to have intervened, that would have resulted in Mr S being refunded any of his payments.
- She also said that the account opening was in line with the correct procedures and there was nothing to suggest an error by Starling in opening the account.
- She concluded by saying she was satisfied this was a civil dispute rather than an APP scam. And where a consumer alleges an APP scam they are not automatically entitled to a refund or a return of their funds from the recipient account.

Mr S didn't accept the investigators findings, in summary he said:

- He simply wanted Starling to investigate and if they found his claim to be true to refund his stolen money, from J's account.
- Starling is protecting J from financial harm. It should have closed J's account if the account is being used in the way he suspects.
- Where Starling has been notified of fraudulent activity, it has a duty to investigate.
- Mr S made suggestions about what Starling ought to do in order to determine if J paid VAT.
- Mr S thought that if his bank raised an APP scam claim, then Starling would debit J's account and return the funds to him.

As Mr S didn't accept the investigators findings the complaint has been passed to me consider.

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.

In deciding what's fair and reasonable, I'm required to take into account relevant law and regulations; regulatory rules, guidance and standards; codes of practice; and, where appropriate, what I consider to have been good industry practice at the time. It's my role to consider, whether Starling is responsible to refund Mr S, when applying the Contingent Reimbursement Model (CRM) Code and other relevant industry guidance in deciding the outcome of this complaint.

I have set out the detail of why I have concluded this is a private civil dispute, and not an APP scam in Mr S's linked complaint against his own bank. I won't repeat them again here. But taking everything into careful consideration, I'm satisfied the CRM Code doesn't apply and I can't fairly ask Starling to refund the money Mr S considers he has lost. I don't think Starling treated Mr S unfairly when it said the payment he made was not covered by the CRM Code as it relates to a civil dispute and therefore didn't return his funds following his claim.

Beyond this I've considered how Starling responded to Mr S's alleged APP scam claim. Mr S says Starling ought to have been in contact with the sending bank (Mr S's bank) and identified that J was defrauding HMRC. He asks directly if J paid HMRC and he suggests Mr J's account should be closed.

Like the investigator I have seen the account opening information and reviewed the account statements. I cannot provide detail about what these contain other than I can find no fault by Starling in its monitoring of these. Neither Starling nor I can comment on specific debits and credits on the account. If Mr S has concerns regarding VAT he should raise this with HMRC. Good industry practice dictates that when the receiving bank is put on notice that their customer may have perpetrated an APP scam, it should investigate whether their customer is involved and has received the funds fraudulently.

I can see that Starling appropriately investigated the scam claim following contact from Mr S. I cannot provide the detail of this, but I can see it reviewed J's account and then took steps following this. But in any event, I'm satisfied that Starling was not in a position to return Mr S's funds to him following the dispute he raised. And it is not for Mr S to direct whether someone else's account should be closed by a bank.

Starling offered a £70 compensation payment, to Mr S, following its handling of his complaint. I think this is fair, as overall I haven't seen that any failing in its customer service would have resulted in a different outcome, or the return of Mr S's funds. And ultimately Mr S's dispute is with J.

My final decision

I don't uphold this complaint

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 22 October 2025.

Sophia Smith
Ombudsman