

The complaint

Miss L is unhappy Starling Bank Limited (“Starling”) hasn’t reimbursed her after she fell victim to a bank impersonation scam.

What happened

The details of the complaint are well known to both parties, so I won’t go into too much detail here. However, in summary, Miss L has been the victim of a scam. She was tricked into sending £5,000.18 from her Starling account to another account she held with a third party, and then on to scammers. Miss L had been tricked into thinking she was sending her money to a safe account to protect it from fraud.

Miss L feels that Starling should’ve identified the payment she was making as suspicious and discussed it with her before it allowed it to leave her account. She believes that had Starling discussed the payment with her, the scam would’ve come to light, and she wouldn’t have lost her money.

Starling doesn’t agree that it could have done anything more than it did to protect Miss L from the scam. It said the payment hadn’t raised any suspicions at the time it was made and it was paid to an account in Miss L’s own name. It also said it wasn’t able to retrieve Miss L’s money when she reported the scam because it had already been moved on to the scammers account.

Miss L disagreed with what Starling said and brought her complaint to this service. One of our investigators looked into things.

Our investigator didn’t uphold the complaint. They agreed with Starling that there wasn’t anything about the payment that meant Starling should’ve questioned it at the time. They also thought Starling had done all it could to recover Miss L’s funds once notified of the scam but unfortunately the funds had already been sent on to the scammer.

Miss L didn’t agree with the investigator’s findings and as an informal agreement could not be reached, the case has been passed to me for a final 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.

In deciding what’s fair and reasonable, I’m required to take into account relevant: law and regulations; regulators’ rules, guidance and standards; codes of practice; and, where appropriate, what I consider to be good industry practice at the time.

I'm really very sorry to hear about what's happened to Miss L. I understand this scam has had a considerable impact on her well-being and I have significant sympathy for the situation she has found herself in. But having thought very carefully about what she's told us happened at the time and Starling's actions, I don't think it would be fair and reasonable for me to hold Starling liable for her loss. I'll explain why.

It is accepted that Miss L authorised the scam payment herself. So, although she didn't intend the money to go to the scammers, under the Payment Services Regulations and the terms and conditions of her account, Miss L is presumed liable for her loss in the first instance. Where a valid payment instruction has been received, Starling's obligation is to follow the instructions that Miss L has provided. However, there are circumstances where it might be appropriate for Starling to take additional steps or make additional checks before processing a payment in order to help protect its customers from the possibility of financial harm from fraud. An example of this would be when a payment is sufficiently unusual or uncharacteristic when compared with the usual use of the account.

In such circumstances, I'd expect Starling to intervene and ask some questions about the intended payment before processing it. So, I've first thought about whether the transfer Miss L made could be considered out of character and unusual when compared with her usual account activity.

I've reviewed Miss L's account statements for the months leading up to the scam, and whilst I do think that this payment is a little higher than the usual transactions made from this account, I still don't think it is remarkable enough for it to have stood out to Starling and to have prompted further discussion.

So, whilst I agree that the payment is significant, I also have to bear in mind that it was being paid to an existing payee - an account in Miss L's own name. And Miss L had paid this account multiple times from her Starling account in the months leading up to the scam. And so, it wouldn't now be reasonable for me to say the scam payment should have stood out or looked so unusual when compared to Miss L's genuine account activity that it should've prompted further checks by Starling before it was allowed to leave her account.

I also have to stress that, at the time, Starling wouldn't have known that Miss L was making a payment to a scammer. It is now only with the benefit of hindsight that we know that the payment was being made as the result of a scam and banks have to strike a balance between processing payments as per their customer's instructions and monitoring accounts for unusual and potentially harmful activity. In the particular circumstances of this case, I don't think it would be fair or reasonable to say that Starling should've identified the payment Miss L made as suspicious enough to warrant further checks.

I've also thought about whether Starling could've done more to help Miss L once it was notified of the scam but I don't think it could. The funds had already been moved on from Miss L's account to the scammer and so there wasn't anything Starling could've done to recover the funds.

Finally, I want to say again that I am very sorry to hear about what has happened to Miss L. But I don't think her loss was caused by any specific failing on behalf of Starling. The fault here lies with the cruel and callous acts of the scammers themselves.

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss L to accept or reject my decision before 24 April 2025.

Emly Hanley Hayes
Ombudsman