

## **The complaint**

Mr B is the director of a company, which I will refer to as M.

Mr B complains on behalf of M that Starling Bank Limited unfairly closed M's business bank account and refused to offer M another account, without providing a proper explanation. Mr B says Starling should pay compensation for loss of earnings and inconvenience.

## **What happened**

The detailed background of this complaint is well known to both parties. So, I'll only provide a brief overview of some of the key events here.

M had a business bank account with Starling.

In September 2023, Mr B contacted Starling and told them that another of M's director's, Mrs R (Mr B's ex-wife) had made a large transfer from M's Starling bank account without permission.

Based on what Mr B said, Starling believed there was a dispute between the directors, and so it applied restrictions on M's account to protect the company. Mr B was happy with this to be done.

Following this, Starling wrote to Mr B to say that it would remove the restrictions on M's account if he and the other director could confirm that the director's dispute had been resolved. Starling gave Mr B 90 days to respond and said that if it didn't receive a response it would close M's account by 15 January 2024.

Starling didn't receive a reply. So, on 15 January 2024, it closed M's bank account and asked Mr B to provide it with alternative bank account details so that it could transfer the balance of just over £90.

Mr B complained to Starling. He said he had been going through a divorce which had been very upsetting and made him feel vulnerable. Mr B explained that he'd had difficulty opening another account for M, and as a result his business had suffered. He asked Starling to reopen M's account.

In response, Starling said it had closed M's account correctly and in line with the terms and conditions. Starling explained that it had closed M's account because there was an ongoing dispute between the directors. And said it had made a commercial decision not to offer M a new account, which was a decision it was entitled to make.

Unhappy with this response Mr B brought his complaint to our service. He said Starling treated him unfairly and didn't recognise that he was vulnerable at the time due to him not being able to secure another business bank account for M and going through a divorce. He believes Starling discriminated against M because it said it wasn't willing to offer M an account.

One of our investigators looked into what had happened. After looking at all the information and circumstances of M's complaint, the investigator didn't think Starling had treated M unfairly when it had closed its account and didn't have to explain why it didn't want to offer M another account. So, they didn't uphold M's complaint.

Mr B disagreed and asked for an ombudsman to review his complaint. So, the matter has come 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.

First, I want to address Mr B's comments about how Starling's actions impacted him personally. I appreciate that at the time Mr B was going through some very challenging personal issues. But it's important to bear in mind that this is M's complaint. And although a company can't suffer distress, it can experience inconvenience as a result of a bank's actions or failures. I'm sorry to hear about the personal impact felt by Mr B, but M is a limited company and so its own legal entity. This means I can't consider the upset Mr B felt personally, I can only consider whether Starling acted fairly and reasonably towards M.

Banks are entitled to end their business relationship with a customer, as long as this is done fairly, doesn't breach law or regulations and is in keeping with the terms and conditions of the account. That's because it has the commercial freedom to decide who it wants as a customer. And unless there's a good reason to do so, this service won't usually say that a bank must keep a customer. But they shouldn't decline to continue to provide banking services without proper reason, for instance of unfair bias or unlawful discrimination. And they must treat new and existing customers fairly.

Starling have relied on the terms and conditions when closing M's account. These state "*We may close, restrict or suspend your Business Current Account immediately on notice and terminate our Agreement in respect of your Business Current Account if: we become aware of any dispute between any Person of Significant Control and/or Authorised Individuals*"

I can see that Starling closed M's business account on 15 January 2024 following contact it received from Mr B on 25 September 2023. Mr B told Starling that there was a dispute between him and the other director of the business, Mrs R. I don't think it was unreasonable for Starling to have closed M's account. That's because Starling was aware – because Mr B had told it – that there was a dispute between him and the other director Mrs R.

Starling asked Mr B to let them know if the dispute had been resolved and have said that if Mr B had contacted them prior to the account being closed it would have been able to discuss the possibility of keeping M's account open. But Mr B didn't get in touch with Starling. Based on this, I can understand why Starling took the view that the director dispute hadn't been resolved. So, I don't think Starling treated M unfairly when it closed its account.

Mr B has said he is upset that Starling didn't offer M another account. And he feels Starling discriminated against M. While I can appreciate this is his perspective, it is not my role to decide whether discrimination has taken place – only the courts have the power to decide this. I have, however, considered the relevant law in relation to what Mr B has said when deciding what I think is the fair and reasonable outcome. Part of this has meant considering the provisions of The Equality Act 2010 (The Act). I have to consider if other customers in similar situations would have been treated the same way. Having looked at all the evidence,

I haven't seen anything to show that Starling would have treated another customer with similar circumstances any differently than M, or Mr B as director of M. After looking at all the evidence, I've not seen anything to suggest Starling treated Mr B or M unfairly when it decided to close M's account and not offer M another account.

Finally, much as I understand Mr B's frustration with Starling's decision not to offer M another business account, a bank is not obliged to accept a customer's business and it doesn't have to provide Mr B with the reasons it no longer wants to offer M banking services. So, I can't say Starling did anything wrong when it declined to offer M another account.

In summary I realise Mr B will be disappointed by my decision. But having looked at all the evidence and circumstances of this complaint, I won't be telling Starling to do anything more to resolve M's complaint.

### **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 M and M to accept or reject my decision before 30 April 2025.

Sharon Kerrison  
**Ombudsman**