

The complaint

Mr P complains that Starling Bank Limited ('Starling') won't refund payments he made as part of a scam.

What happened

Mr P was the victim of an impersonation scam, where he was persuaded to approve the following payments from his Starling account to keep his money safe:

Payment number	Date	Description	Amount
1	1 May 2024	Card Payment to Remitly	£2,300.00
2	1 May 2024	Card Payment to 'Amw Off-Licenc'	£2,494.15
3	1 May 2024	Card Payment to 'Amw Off-Licenc'	£797.32

When Mr P disputed these payments with Starling, it refunded the second and third payments, but it didn't refund the first one. When he complained about this, Starling maintained its position, although it did pay him £70.00 for delays in its handling of the matter.

Still unhappy, Mr P brought his concerns to our service to investigate. In summary, he said Starling ought to have been concerned with the first payment given the account movements beforehand.

The complaint has been passed to me to make 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.

Having done so, I've reached the same outcome as our investigator for these reasons:

- In broad terms, the starting position is that Starling is expected to process payments that Mr P authorises it to make, in accordance with the Payment Services Regulations 2017. While Mr P was a victim of a cruel scam, it's accepted he authorised the payments. That's means he's presumed liable for the losses in the first instance.
- However, there are circumstances when it might be appropriate for Starling to take additional steps before processing a payment. Such as when there are grounds to suspect the payment presents a fraud risk. That might occur when a payment is significantly unusual or uncharacteristic compared to the normal use of the account.
- Here, Starling accepted that it ought to have stepped in with the second and third payments – and it's refunded these. Accordingly, the matter for me to decide is whether it ought to have done that with the first payment too.

- Having considered the matter carefully, I'm not persuaded it should have. I've considered:
 - This was the first payment, and I don't think the value was so significant that it stood out as particularly suspicious. It also didn't drain Mr P's account balance entirely.
 - I recognise he'd not used this account for some time beforehand. But this also meant Starling didn't have payments to compare this to – in order to say it was especially uncharacteristic for Mr P.
 - I've noted that money was moved in beforehand. But I'm mindful that lots of people will legitimately move money into their account from elsewhere before they spend it. So, coupled with the other circumstances, I don't think this was enough to say Starling ought to have been concerned.
 - I've seen that the same transaction was attempted twice before this successful payment. But Starling's records suggest that was because the merchant reversed the transaction – it wasn't that Starling detected it was unusual. I'm mindful that it's fairly common that payments don't go through at first – and, taken with everything else, I don't think it would be reasonable to have expected Starling to intervene because of this.
- It follows that I don't consider it remiss that Starling processed this payment in line with the instructions without completing further checks. Afterall, it must balance protecting Mr P from fraud with its corresponding duty to make the payments he tells it to in a timely manner.
- As well as considering whether Starling ought to have prevented this payment, I've considered whether it ought to have done more to recover it. But given that the payment was part of a money transfer, and the merchant ultimately provided this service, I don't find there was any reasonable chance Mr P would have been able to recover this money.
- I do appreciate how disappointing this will be for Mr P, who has clearly fallen victim to a horrible scam. And I've read the detail he's shared about what made the scam so convincing. But my role here isn't to decide whether he acted reasonably – of course, he was a victim here. Instead, it's to decide whether Starling ought to have stepped in sooner. And for the reasons I've explained, I don't think it can be fairly held liable for all of his losses here.
- In saying that, I've noted that Mr P has referenced the Contingent Reimbursement Model, as well as the new rules introduced in October 2024. But neither of these applies to card payments, and the new rules aren't retrospective. So they couldn't help Mr P here.
- In conclusion, I don't think Mr P's losses from the first payment can be attributed to something Starling did wrong. So I don't uphold his complaint.

My final decision

For the reasons I've explained, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 19 March 2025.

Emma Szkolar
Ombudsman