

The complaint

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

What happened

Mr S has fallen victim to an investment scam.

He's explained that, in late May 2024, he received a message on a social media platform from someone who presented themselves as a credible 'investment advisor' ('the scammer'). They claimed that Mr S could make returns of around 160% within 24 hours by investing with a company I'll refer to as 'O'.

To start his investment, Mr S sent £83 to a personal account on 8 June 2024. He was given access to a fake trading platform, through which he could see that he had made substantial profits. On 10 June 2024, Mr S paid £385 to the same personal account for a code which would enable him to withdraw funds from his investment. The code Mr S received didn't work and, when he was asked to send further funds to resolve the issue, he realised he'd fallen victim to a scam.

Mr S raised a fraud claim with Starling on 25 July 2024. Starling was unable to recover Mr S' funds from the receiving account, and it declined to reimburse him under the Lending Standards Board's Contingent Reimbursement Model ('CRM Code').

Mr S asked this Service to consider a case against Starling. He said that he was vulnerable to the type of scam he fell victim to because he has anxiety and memory issues, and he was feeling the effects of financial pressure at the relevant time – all of which impacted his ability to focus and make decisions.

What did our investigator say?

Our investigator found that Starling isn't under any obligation to reimburse Mr S' financial loss in this case.

Mr S asked for an ombudsman's final decision, so the case 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.

Starling signed up to the CRM Code, and it was in force when the disputed payments were made. In summary, the CRM Code says that a customer who was vulnerable when they made an Authorised Push Payment ('APP') scam payment should receive a full refund of that payment, regardless of whether the firm knew about the customer's vulnerability before the scam took place. The CRM Code states that:

A Customer is vulnerable to APP scams if it would not be reasonable to expect that

Customer to have protected themselves, at the time of becoming victim of an APP scam, against that particular APP scam, to the extent of the impact they suffered.

Mr S has said that he suffers from anxiety and memory issues, and this impacts his ability to focus and make decisions. But it's clear from his communications with the scammer that he was aware he was at risk of being defrauded, and he's said that he had concerns about paying his investment funds into a personal account, but he was reassured that it was part of the process. Additionally, there did come a point when Mr S reached the realisation he was being scammed. So, I'm not persuaded that Mr S couldn't reasonably be expected to have protected himself from the scam because of his vulnerabilities. From the evidence I've seen, and by Mr S' own admission, he knew he was at risk of harm from fraud and took some steps to try and establish the legitimacy of the investment opportunity – seeking reassurance from the scammer. Mr S has said that he was under financial pressure at the relevant time, but I don't think this is the same thing as having his decision-making capacity affected by a vulnerability.

Nevertheless, the CRM Code requires firms to reimburse any customer who has been the victim of an APP scam in all but a limited number of circumstances. Starling has argued that one of the exceptions applies in this case. It says that Mr S made the disputed payments without a reasonable basis for belief that the payee was the person he was expecting to pay, the payments were for genuine goods or services and/or the business or person he was transacting with was legitimate.

In thinking about whether Mr S had a reasonable basis for belief, I've considered what steps he took to reassure himself about the legitimacy of the investment opportunity, and whether it was reasonable for him to proceed with the disputed payments.

I appreciate that Mr S was given access to a fake trading platform, through which he saw the money he'd invested grow. This is a convincing tactic which is often used by fraudsters in this type of scam. But I have to weigh that against the following:

- The scammer cold-contacted Mr S via social media – this is an unusual means of being introduced to a legitimate investment opportunity.
- The guaranteed rate of return for the investment opportunity was very high. I consider that it was too good to be true and ought reasonably to have alerted Mr S to the possibility that something may be amiss.
- Mr S doesn't appear to have carried out any independent research in regards to O or the scammer. It's difficult to understand why Mr S didn't take such steps to protect himself from financial harm given his apparent concerns that he could be falling victim to a scam – particularly as he had been defrauded before.
- Mr S wasn't provided with any investment documentation.
- Mr S funded the investment by making payments into an individual's account that was seemingly unconnected to O or the scammer. He's said that he had concerns about this but proceeded regardless after being reassured by the scammer that it was part of the process.
- I don't think it's plausible that an investor would need to pay £385 for a code in order to release funds from their investment.

Overall, I don't think I can reasonably conclude that Mr S had a reasonable basis for belief on this occasion. So, I'm not persuaded that Starling should have reimbursed him because

of any obligation under the CRM Code.

Given the nature and value of the disputed payments, and considering Mr S' usual account activity at the time, I wouldn't have expected Starling to identify an APP scam risk. So, I'm not persuaded that Starling ought to have taken any further action to prevent financial harm from fraud. And I've seen that Starling took reasonable steps to recover Mr S' funds when he raised a fraud claim with it.

I sympathise with the unenviable situation Mr S has found himself in, but I'm not satisfied that Starling has made a banking error in this case, and I don't consider that it would be fair or reasonable to require the bank to reimburse Mr S' financial loss.

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 S to accept or reject my decision before 22 July 2025.

Kyley Hanson
Ombudsman