

The complaint

Mr D on behalf of T, a limited company he is the director of, complains that Starling Bank Limited did not reimburse the funds it lost to a scam.

What happened

T was looking to buy laptops in bulk and found a company I'll refer to as 'X' to purchase some from. It made an initial purchase of some laptops from X on 28 December 2023, which it has not raised as part of this complaint. Before receiving this delivery of laptops, it made a further purchase of laptops from X for a total of £7,900, which consisted of a transfer of £2,500 on 2 January 2024 and £5,400 on 3 January 2024. The initial purchase T made arrived but was not the laptops it was expecting, and the second purchase it made never arrived. After many messages between T and X where X promised it would deliver them, or provide a refund in cash, these things never happened.

T raised a scam claim with Starling who felt T had an existing relationship with X and did not think this met the standard of an authorised push payment scam under the Lending Standards Board's Contingent Reimbursement Model ("CRM") Code. Instead, they felt this was a civil dispute between T and X.

T referred the complaint to our service and our investigator looked into it. They felt it was more likely this was a civil dispute as T had been communicating with X for over a year before he made the initial purchase. There was also evidence to suggest X had a shop front and the receiving bank account activity was consistent with a company that bought and sold laptops. They therefore felt it was more likely X was a genuine company which had not provided the goods paid for, which would be classed as a civil dispute.

T disagreed with the outcome and felt X had falsely advertised goods it did not have in its possession in order to defraud people. It did not agree that X even had a shop front as the business address on Companies House did not match the shop address it had been given. And while T accepted it did receive some laptops from X, these were not as described and were essentially scrap, which were useless to it.

As an informal agreement could not be reached the complaint 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.

It isn't in dispute that T authorised the payments totalling £7,900. Because of this the starting position – in line with the Payment Services Regulations 2017 – is that it's liable for the transactions. But it says that it has been the victim of an authorised push payment (APP) scam.

Starling has signed up to the voluntary CRM Code, which provides additional protection to

scam victims. Under the CRM Code, the starting principle is that a firm should reimburse a customer who is the victim of an APP scam (except in limited circumstances). But the CRM Code only applies if the definition of an APP scam, as set out in it, is met. I have set this definition out below:

...a transfer of funds executed across Faster Payments...where:

- (i) The Customer intended to transfer funds to another person, but was instead deceived into transferring the funds to a different person; or*
- (ii) The Customer transferred funds to another person for what they believed were legitimate purposes but which were in fact fraudulent.*

The CRM Code is also explicit that it doesn't apply to private civil disputes. The wording in the code is as follows:

"This Code does not apply to:

- b) private civil disputes, such as where a Customer has paid a legitimate supplier for goods, services, or digital content but has not received them, they are defective in some way, or the Customer is otherwise dissatisfied with the supplier."*

I've therefore considered whether the payments T made to X fall under the scope of an APP scam as set out above. Having done so, I don't agree that they do. I'll explain why in more detail.

I have considered T's comments, that it feels X stole images of laptops from legitimate sellers which it feels indicates it was impersonating stock to defraud people. While I have taken this into consideration, I don't think a company using the same photos as another company of specific product types alone indicates it is setting out to purposefully defraud people.

I have reviewed the receiving bank statements for X's account. Due to data protection issues, I cannot go into detail about what these show, but I am satisfied that the account activity matches what I would expect from a company that buys and sells laptops in bulk. I have also seen evidence that X was paying rent for a store front, and the reference of which matches the address T was provided. I can also see that X was incorporated on Companies house in October 2022 and the individual T was dealing with was listed as the director until April 2024, which is after it made the purchases.

The above evidence suggests to me that X was acting as a legitimate business that bought and sold laptops, so I therefore think the payments T has complained about fit into the description of a civil dispute as set out above. Based on the evidence, I think it is more likely T has paid a legitimate supplier for goods that it has not received. I do not doubt that T has lost out financially here, but I have to determine if Starling acted reasonably when it treated this case as a civil dispute. And based on the evidence I have seen, I think that it did act reasonably in the circumstances. I therefore do not think Starling needs to reimburse T in this case.

My final decision

I do not uphold Mr D's complaint against Starling Bank Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 3 October 2025.

Rebecca Norris
Ombudsman