

The complaint

Mr V complains that Starling Bank Limited won't refund the money he lost to a scam.

What happened

Mr V's sister, Miss M, fell victim to an employment scam. She was contacted via a messaging app and offered a job which required her to purchase tasks, she believed she could then earn her money back plus commission by completing those tasks.

When Miss M was asked for increasingly large deposits, she asked Mr V if he could lend her some funds. Mr V transferred money from his Starling account – as a card payment for £3,500 and a faster payment for £5,015 – and from an account he held with another bank, to a new account she told him to open with an Electronic Money Institution (which I'll call R). Mr V then allowed Miss M to use his account at R to send payments to third parties for the purchase of cryptocurrency, to a cryptocurrency exchange, and to Miss M's own account at R.

When Miss M realised she had been the victim of a scam, Mr V contacted Starling about the payments he'd made to R and reported them as part of a scam. Starling looked into what had happened but did not consider that it was responsible for refunding any of Mr V's loss, it said it had intervened appropriately in the payments and that the loss had been from Mr V's account at R, not from Starling. It did though acknowledge that it could have handled his claim better, and paid him £75 compensation to recognise that.

Mr V wasn't happy with Starling's response, so he brought a complaint to our service. An investigator looked into Mr V's complaint but didn't uphold it. The investigator felt that Starling had been reasonable to allow the first payment to go without intervention, and that it had then intervened appropriately in the second payment. So, they did not think Starling could reasonably be expected to have done more to protect Mr V.

Mr V disagreed with the investigator's opinion, he maintains that Starling should have questioned him in more detail about the payments, particularly bearing in mind his personal circumstances which make him more vulnerable. So, as no agreement could be reached this case has now been passed to me for a 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 overall outcome as the investigator, I'll explain why.

It's not disputed that Mr V authorised the payments that are the subject of this complaint. So as per the Payment Service Regulations 2017 (which are the relevant regulations in place here) that means Mr V is responsible for them. That remains the case even though these payments were made as part of a scam.

Because of this, Mr V is not automatically entitled to a refund. But the regulatory landscape, along with good industry practice, also sets out a requirement for account providers to protect their customers from fraud and financial harm. And this includes monitoring accounts to look out for activity that might suggest a customer was at risk of financial harm, intervening in unusual or out of character transactions and trying to prevent customers falling victims to scams.

Taking the above into consideration, I need to decide whether Starling acted fairly and reasonably in its dealings with Mr V, or whether it should have done more than it did.

In this case, I agree with our investigator that, by the time of the second payment to the scam, Starling should have taken steps to ensure that Mr V was not at risk of financial harm. I say this because, while Mr V had previously made a large one-off payment from his Starling account, this was not standard for his account usage, and I think that a second large payment within such a short period of time, and for more than £5,000, would have stood out as potentially unusual.

However, I note that Starling evidently did have concerns about this payment, it showed Mr V a warning, telling him that if anyone was guiding him on how to answer questions then he was being scammed, and then it asked him a series of questions about what the payment was for. Mr V answered the questions, stating that the payment was to another account he held elsewhere, that nobody had told him to make the payment urgently, and that the money was going to an account he had opened himself and that he had access to.

Based on these answers, and given that Starling would have been able to see that the funds were going to an account in Mr V's name, I think it was reasonable for Starling to allow the payment to go ahead. Nothing Mr V had said would have rung any particular alarm bells for Starling or indicated that he might be the victim of a scam.

I acknowledge that Starling was aware of Mr V's vulnerabilities, but I don't think that means that it had to intervene more directly here. Bearing in mind all the circumstances surrounding these payments, I am satisfied Starling's intervention was proportionate and reasonable, I don't think it needed to do anything more at the time of this payment based on what it knew and what Mr V had told it.

Mr V has suggested that it was his sister, rather than him, who was answering the questions from Starling, but there was nothing to indicate that was the case to Starling. From Starling's point of view, it had directly questioned Mr V about the payment and had received responses which did not raise any particular red flags about the circumstances of the payment.

With this in mind, I don't consider that Starling missed an opportunity to protect Mr V from this scam or to prevent his loss.

I've also thought about whether Starling did all it could to try to recover Mr V's funds when he told it of the scam. But given that the payments were to Mr V's own account at R, from where they were quickly moved on to other accounts, there would have been no prospect of recovering those funds.

I'm sorry to disappoint Mr V as I know that he has lost a significant amount of money. But, overall, I'm satisfied that Starling intervened appropriately here, I don't think it could reasonably be expected to have done more to prevent Mr V's loss. It follows that I don't think Starling is liable for his loss and won't be asking it to refund any of his losses to him.

My final decision

I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr V to accept or reject my decision before 10 April 2025.

Sophie Mitchell
Ombudsman