

The complaint

Miss H, on behalf of her company (which I'll refer to as "G"), complains Starling Bank Limited (Starling) failed to help get a refund for poor-quality rented accommodation.

What happened

On 19 April 2023, Miss H paid around £1,600 from G's business account to rent an apartment from a supplier (which I'll call "S") that specialises in providing rental accommodation. Miss H paid by bank transfer, as that was the only option S offered.

Miss H said she had planned on staying between 22 April 2023 and 2 May 2023, but left a few days early as she was unhappy with the apartment's quality. Among other things, she said the property was dirty, was infested with wasps and bees, and the WiFi didn't work.

Miss H asked Starling to help her get a partial refund in early May 2023. As she made the payment by bank transfer, Starling considered whether she'd be eligible for a refund under the Contingent Reimbursement Model (CRM) code.

On around 5 May 2023, Starling said that based on Miss H's evidence she didn't qualify for reimbursement under the CRM code. Additionally, it did not consider there were any other avenues it could reasonably pursue to help Miss H get her money back.

Starling reinvestigated the claim at Miss H's request and issued her a final response dated 11 September 2024, confirming it would pay her £30 in compensation for not communicating more clearly (and subsequently paid on 12 September 2024). But Starling thought it had correctly declined the claim and advised Miss H to resolve her issue with the merchant. Unhappy with that response, Miss H referred her complaint to the Financial Ombudsman.

Our investigator didn't think Starling could do anything more to help Miss H get her money back. As Miss H disagreed, the complaint has 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.

While I might not comment on everything (only what I consider key) this is not meant as a discourtesy to either party – it reflects my role resolving disputes with minimum formality. I'd like to assure both parties I've considered everything they've sent, including the submissions sent to me after the investigator's assessment.

It's important to note that Starling didn't provide the accommodation. So to decide if it acted fairly, I need to consider its role as a financial services provider only. As Miss H paid by bank transfer (Faster Payments), I need to consider how Starling could have reasonably assisted her in getting her money back.

Contingent Reimbursement Model (CRM)

The CRM code is a voluntary code that certain businesses, like Starling, have signed up to. A key purpose of the code is to protect consumers from Authorised Push Payment (APP) scams and, where appropriate, reimburse consumers who were scammed.

However, refunds under the CRM code are limited and certain exceptions to reimbursement apply. For example, under DS2(b) of the code – if a customer pays a legitimate supplier for services they either did not receive or were defective, or where the customer is otherwise dissatisfied with the supplier – the code wouldn't apply.

Here, Miss H fully intended to (and did) pay S to rent an apartment, and S supplied the apartment – albeit one that Miss H found unsatisfactory. In these circumstances, I don't think there was any recourse under the CRM code. It follows that I don't think Starling acted unreasonably by declining her claim upon reinvestigation.

Alternative avenues to redress that Starling might have pursued

There are certain situations where a bank could still help its customer get their money back for paid services that were of poor quality.

When someone buys something with their debit or credit card, and something goes wrong, their bank can sometimes help them obtain a refund by raising a chargeback on their behalf. However, as Miss H didn't pay by card, Starling didn't have grounds for raising a chargeback. So this route to redress isn't relevant here.

Alternatively, if Miss H paid for the accommodation with a personal credit card, then under section 75 Consumer Credit Act 1974 ("section 75") she could seek to hold the credit card issuer responsible for a breach of contract or misrepresentation by S. But as above, this avenue to redress also doesn't apply as no part of the payment was made by credit card.

I have a lot of sympathy for Miss H. I appreciate the reason she didn't pay by card was because S didn't give that option. However, S not giving an alternative option, or warning her she might lose certain card protections if she paid by bank transfer, still doesn't make her eligible for a refund under either the chargeback scheme or section 75.

In summary, I don't think Starling handled Miss H's claim unfairly. I accept it could have been clearer in its communication, but I'm satisfied the £30 it already paid is already fair and reasonable compensation for the impact of any service issues.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask G to accept or reject my decision before 17 July 2025.

Alex Watts
Ombudsman