

The complaint

Mr A complains that Starling Bank Limited won't refund money he lost when he was a victim of a scam.

Mr A is represented by a firm I'll refer to as 'R'.

What happened

The background to this complaint is well known to both parties and so I'll only refer to some key events here.

In 2024 Mr A fell victim to a task-based job scam. He was contacted via an instant messenger app by an individual offering a remote based opportunity working for a well-known high street and online store (which I'll refer to as 'X'). We now know it was a scam. The scammer explained to Mr A that the job entailed completing sets of tasks by evaluating different products to help X's merchants promote their products – thereby increasing sales.

The job paid a salary along with commission for completing the tasks. There were however 'parcel' tasks that provided a greater commission, but these put the account into a negative balance – which required the account to be funded. To do this, Mr A needed to purchase crypto before forwarding it on to X.

As part of the scam Mr A made a £1,300 debit card payment from his Starling account to a money transfer provider (that I'll refer to as 'T') on 2 August 2024.

Mr A has explained that when he requested to withdraw his funds, he was told he needed to pay fees. But despite paying these, he was told more fees were due. At this point, he realised he'd been scammed.

R complained, on Mr A's behalf, to Starling on 8 October 2024. They said Starling didn't do enough to protect Mr A from the scam – as they ought to have identified the payment as unusual, carried out further checks before processing it and provided relevant scam warnings. If this happened, the scam would've been uncovered and Mr A's loss avoided. R also thought Mr A should be refunded under the Contingent Reimbursement Model (CRM) code. And they highlighted that Mr A was vulnerable at the time of the scam due to his health and life events. To settle the complaint, R said Santander should refund Mr A in full (less any amount recovered) and pay with 8% interest.

Starling didn't uphold the complaint, and it was referred to the Financial Ombudsman. Our Investigator considered Mr A's complaint, but he didn't think Starling had to do anything further. In short, he said:

- The payment wasn't particularly unusual or suspicious in appearance to Starling considering Mr A's previous account activity – as he had made a similar value payment previously. The payment also wasn't going to a high-risk merchant or crypto provider, which might have otherwise caused some concern. It was a one-off payment and there was no pattern of fraud here. So, he didn't think Starling should

- reasonably have been expected to prevent the loss Mr A suffered.
- Mr A had a payment he made, as part of the scam, stopped by his other account provider ('E'). As part of their checks, Mr A didn't provide accurate information and misled them about the purpose of the payment.
- The conversation Mr A had with the scammer ('scam chat') shows he was being guided by them – with Mr A forwarding E's questions to the scammer for direction. Mr A followed the scammer's instructions as to how to answer E's questions.
- The warnings E provided, which were appropriate, should've resonated with Mr A. Instead, he ignored them and continued to follow the scammer's advice.
- So, even if Starling questioned Mr A about the payments, he didn't think this would've made a difference – as he thought Mr A would've listened to the scammer, thereby preventing the scam from being uncovered.
- Starling couldn't recover Mrs A's funds – as a chargeback claim would likely have been unsuccessful.

R disagreed with our Investigator and asked for Mr A's complaint to be referred to an Ombudsman. They added that Mr A's vulnerabilities and circumstances at the time of the scam may have impacted his thought process. But that this hadn't been considered

The matter has 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.

I'm very sorry Mr A has been the victim of a scam. I realise he has lost a lot of money and so, I can understand why he would do everything he can to recover it. But I must consider whether Starling is responsible for the loss he's suffered. Having done so, and while I realise this isn't the outcome Mr A is hoping for, for similar reasons as our Investigator, I don't think they are. Because of this, I don't think Starling acted unfairly by not refunding the payment. I'll explain why.

Before I do, I want to reassure Mr A that I've considered everything R has submitted on his behalf. And so, while I've summarised this complaint in far less detail than what has been provided, I want to stress that no discourtesy is intended by this. If there is a submission I've not addressed; it isn't because I have ignored the point. It's simply because my findings focus on what I consider to be the central issue in this complaint – that being whether Starling is responsible for the loss Mr A has suffered.

R has referred to Mr A's payment being refundable under the CRM code - which can offer a potential means of obtaining a refund following situations like this. The CRM code however doesn't cover debit card transactions. So, the payment isn't covered by it. I've therefore considered whether it would otherwise be fair and reasonable to hold Starling responsible for Mr A's loss.

In broad terms, the starting position in law is that banks are expected to process payments that their customer authorises them to make. Here, it isn't disputed that Mr A knowingly made the payment from his Starling account and so, I'm satisfied he authorised it. Therefore, under the Payment Services Regulations 2017 and the terms of his account, Starling are expected to process Mr A's payment, and he is presumed liable for the loss in the first instance.

However, taking into account the regulatory rules and guidance, relevant codes of practice and good industry practice, there are circumstances where it might be appropriate for

Starling to take additional steps or make additional checks before processing a payment to help protect customers from the possibility of financial harm from fraud.

So, the starting point here is whether the instructions given by Mr A to Starling was unusual enough to have expected additional checks to be carried out before the payment was processed.

When considering this, I've kept in mind that banks process high volumes of transactions each day. And that there is a balance for Starling to find between allowing customers to be able to use their account and questioning transactions to confirm they're legitimate – as it wouldn't be practical for banks to carry out additional checks before processing every payment.

Here, as our Investigator explained, the payment wasn't going to a known high-risk merchant (such as crypto provider). It was also relatively low in value, and similar to what Mr A had previously spent on his account. Because of this, I don't think the payment was unusual or suspicious enough whereby I would've expected Starling to have been concerned Mr A was at a significant risk of financial harm. I therefore think it was reasonable for them to process Mr A's payment upon receiving instruction.

For completeness however, I've also considered whether Starling could've reasonably prevented Mr A's loss had they carried out additional checks before processing the payment. At which point, I should explain that a proportionate intervention will not always result in the prevention of a payment. And so, if I find it more likely than not that such a proportionate intervention by Starling wouldn't have revealed the payment was part of a fraud or scam, then I couldn't fairly hold Starling liable for not having prevented it from being made.

I won't set out the specifics of the scam chat here but, having looked at it, it's very clear that Mr A was being heavily coached by the scammer and under their 'spell'. And to the degree that, during the scam, despite saying "*I think this is fraud*", he went on to say, "*So tell me exactly what i need to say...*".

Because of this, Mr A provided inaccurate information to E (and another banking provider, 'B') when questioned about payments he made as part of this scam. For example, in his interactions with B and E, he confirmed:

- Payments were for friends and family purposes.
- He took out a loan to pay for costs relating to moving home (such as the purchase of furniture) – which, as I understand, wasn't true as Mr A's since said it was used to fund the scam.
- He hadn't been given instructions to make the payments, nor was he being pressurised to do so.
- The person he was paying hadn't asked for help urgently or unexpectedly, he had paid them before, and the bank account details had been provided 'face to face'.

We know however that this wasn't the true circumstances surrounding the payments Mr A was making. This was despite being warned by E that "*if you're being scammed, the fraudster may ask you to hide the real reason for this payment*".

Considering this, I think it's more likely than not that, even if Starling had carried out additional checks on the disputed payment before processing it, Mr A would've provided inaccurate information regarding the purpose of the payment and its surrounding circumstances. Consequently, Starling would've considered Mr A was making the payment for legitimate purposes – thereby preventing the scam from being uncovered.

I realise Mr A has been the innocent victim of a scam here, and that he was being coached by the scammer to withhold information from his banking providers. But for the reasons I've explained, I'm simply not persuaded that Starling could reasonably have uncovered the scam through a proportionate enquiry. It follows that I don't think Starling is responsible for Mr A's loss.

I'm aware that R has referenced Mr A's vulnerability at the time of the scam and how this might have impacted his thought process. While I'm sympathetic to Mr A's situation, it seems Starling weren't aware of his circumstances at the time. Because of this, I don't think Starling treated him unfairly in this respect.

I've also considered whether, on being alerted to the scam, Starling could reasonably have done anything to recover Mr A's losses, but I don't think they could. The only possible option for recovery would've been for Starling to have attempted a chargeback against the payee – that being T. But this likely wouldn't have had any reasonable prospect of success. This is because T provided the service paid for, that being the transfer of funds Mr A requested.

In conclusion, while I have a great deal of sympathy for Mr A, I cannot reasonably direct Starling to refund him. For the above reasons, I think Starling have acted fairly and so I'm not going to tell them to do anything further.

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 Mr A to accept or reject my decision before 3 October 2025.

Daniel O'Dell
Ombudsman