

## The complaint

Mr O, on behalf of his limited company (C), complains that Starling Bank Limited (Starling) blocked and closed C's account without reasonable grounds. He says the block meant he couldn't make repayments against C's Bounce Back Loan (BBL) debt, and he complains that Starling took a double payment in respect of C's BBL but refused to treat that as two monthly payments.

## What happened

In June 2020, C took out a BBL for £50,000. In the application, Mr O declared C's turnover to be £248,424.64. The terms of the BBL scheme meant that a company could only borrow a maximum of 25% of its turnover, subject to a maximum loan of £50,000.

In April 2023, Starling decided to block C's account, while it carried out a review, and raised questions with Mr O regarding activity on C's account. Mr O answered Starling's questions, but Starling wasn't satisfied with his answers, so it decided to close C's account, and gave C 7 days' notice of its intention to do so.

Mr O complained, saying he wanted to know why Starling had decided to close C's account. Starling issued its final response to Mr O's complaint on 25 October 2023. It referred to a previous final response it had issued on 23 February 2023, because Mr O had suggested Starling hadn't replied to his previous complaint. Starling disagreed and referred Mr O to the previous response, which it had re-sent to Mr O on 27 September 2023.

It went on to say that it had acted correctly in recalling C's BBL, but it apologised for failing to reply to one of Mr O's messages to its collections department, and offered to pay £50 in compensation.

Mr O wasn't satisfied with Starling's reply, so he brought C's complaint to our service. He said he was unhappy that Starling had defaulted his BBL, and he wanted Starling to explain why it had decided to close C's account, and pay compensation as he believed Starling didn't have a legitimate reason for doing so.

One of our Investigators looked at Mr O's complaint, but she didn't uphold it. She said Starling was entitled to block and close C's account in the manner that it did, that it had followed the correct process for defaulting the BBL, and that it didn't have to explain the reasons for its decision to Mr O.

Mr O didn't accept our Investigator's findings. He said Starling had taken a double payment, but then refused to consider that as payment for two months, and that Starling had rendered it impossible for Mr O to service his BBL by blocking his business account. He asked for an Ombudsman to review the matter afresh.

On 10 January 2025, I issued a provisional decision. In it, I said:

*"I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint."*

*In looking into this complaint, I've considered the full history of events leading up to Mr O's complaint to Starling. In doing so, I've examined the BBL agreement and found a discrepancy in the application. C's BBL application was made in June 2020, at which point Mr O declared a turnover of £248,424.64. However, when he came to our service he said C's turnover "pre-covid" was £65,000 to £70,000. And the bank statements I've seen for C don't support Mr O's declaration that C's turnover was £248,424.64. I emailed Mr O before I issued these findings, asking him to explain the discrepancy and provide evidence of C's true turnover. I asked Mr O to reply by 18 December 2024. However, Mr O didn't reply.*

*I accept there may be an explanation as to why the turnover figure Mr O gave our service differs so significantly from the figure he stated on the BBL application. But without that explanation (and evidence in support), I have to proceed based on the evidence I have. And that evidence suggests that Mr O falsely declared an inflated turnover, in order to obtain the maximum £50,000 BBL.*

*So based on the evidence I've seen, and on the balance of probabilities, I'm not satisfied C was entitled to the BBL in the first place, and I'm not satisfied that Mr O honestly declared C's true turnover in the application. In light of that, it wouldn't be fair to tell Starling to reinstate the BBL, or even pay compensation in respect of the issues Mr O complains of: had he declared C's turnover honestly, Starling wouldn't have paid the BBL and so the issues Mr O complains of would not have arisen.*

#### *Account block*

*All banks in the UK are strictly regulated and must take certain actions in order to meet their legal and regulatory obligations. That sometimes means they need to restrict customers' accounts while they carry out a review.*

*So, in order to make an award in favour of C, I would need to be satisfied that Starling acted unfairly or took actions it wasn't entitled to take. And, having looked at the evidence both parties have provided, I'm satisfied Starling acted in line with its legal and regulatory obligations when it blocked C's account. And that it was entitled to do so under the account terms and conditions that governed the relationship between Starling and C.*

*There's no obligation on Starling to disclose the reason for its block to C, but I've reviewed the evidence Starling has provided our service, to see if it made an error or treated C unfairly. Having done so, I'm satisfied Starling had grounds to block C's account while it carried out its review. And I'm satisfied it was proportionate to block payments during the review, in order to comply with its legal and regulatory obligations.*

*I recognise the block will have caused disruption to C's business, and that it will be frustrating not to know why Starling blocked C's account. But I hope Mr O can take comfort from the fact I have independently reviewed Starling's actions to ensure it treated C fairly.*

#### *Account closure*

*The terms and conditions of the contract that governs the relationship between C and Starling allows Starling to end its relationship with C by giving less than two months' notice in certain circumstances.*

*Starling gave C 7 days' notice of its intention to close the account and, having reviewed the information both parties have provided me, and considering all of the circumstances of this complaint, I'm satisfied Starling acted reasonably in doing so. And that it wasn't obliged to disclose the reasons for its decision to Mr O.*

*Because I'm not persuaded Starling treated C unfairly, it follows that I don't uphold this complaint and that I won't ask Starling to pay C compensation, or explain itself further than it has already done."*

I asked both parties to reply by 24 January 2025 with any further evidence or submissions they wished me to consider. Starling replied saying it had nothing to add and Mr O didn't reply.

### **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.

Because there were no further submissions to consider, it follows that my outcome remains unchanged from my provisional findings. Mr O hasn't explained why he declared such different turnover figures to our service vs on the BBL application and he hasn't provided any evidence to demonstrate the turnover stated on the BBL application was accurate.

Our Investigator asked Mr O to provide copies of C's tax returns, but he didn't do so. Instead, he sent copies of C's balance sheet that didn't demonstrate C's turnover. The figures on the balance sheet don't support the turnover declared on the BBL application, and appear to suggest a much lower turnover than £248,000. A balance sheet is not a good indicator of a company's turnover though, which is why I gave Mr O two further opportunities to evidence the declared turnover. However, Mr O didn't respond to my request or to my provisional decision.

The bank statements for C's business account with Starling, the account the BBL was paid into, don't show the level of incoming payments a company would have if its turnover was indeed £248,000. And I haven't seen any evidence to demonstrate Mr O's declaration was accurate. Indeed the evidence I have seen suggests, in the balance of probabilities, that C's turnover at the time it applied for the BBL was significantly lower than Mr O declared.

### **My final decision**

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask C to accept or reject my decision before 24 February 2025.

Alex Brooke-Smith  
**Ombudsman**