

## **The complaint**

M, a religious charity, complains that Starling Bank Limited unreasonably declined to open an account for them.

## **What happened**

In August 2023 M applied for an account with Starling. The bank reviewed the application but declined to open an account. They declined to give any further details.

Unhappy with this M complained to Starling. The bank responded to say that each application is reviewed on a case-by-case basis, and that M was outside of the limits that they can support.

Still dissatisfied with this answer M referred their complaint to our service. They said that Starling's decision to not provide a reason for the rejection was in breach of rules in the Financial Conduct Authority's handbook, and that they were not allowed the opportunity to appeal this decision.

One of our investigators looked into what happened but didn't think Starling needed to do any more. They reasoned Starling were entitled to decide who they would provide accounts to and didn't think the decision to decline to open the account was unreasonable.

M rejected this outcome, saying the investigator hadn't referred to the rules in the handbook. They thought it was possible they had been discriminated and required the reason for the rejection to assess the possibility of this. The investigator didn't think this changed anything.

As no agreement could be reached the complaint was passed to me to decide. After review, and receiving some additional information from both parties, I was minded the complaint should be upheld. I issued a provisional decision which said:

*I've noted in M's submissions they've referred to the FCA's rules on Statements of Principle and Code of Practice for Approved Persons – or APER rules. The APER rules are codes of conduct that apply to individuals within regulated financial firms that perform certain senior management functions within the business. I'm satisfied that they are not a relevant consideration to the opening of an account.*

*The relevant regulations involved around payment accounts include the Payment Accounts Regulations 2015 and the Payments Services Regulations 2017, although these don't specifically cover accounts for charities. But I've taken these into account, alongside relevant industry guidance, and what I consider to be good industry practice when deciding what's a fair and reasonable way to resolve this account.*

*There is no specific obligation on Starling to accept an application for a payment account, and generally they have a broad commercial discretion on which businesses and charities they can provide accounts to. There's nothing to compel them to explain to their customers or applicants what these criteria are or why an application may have been declined.*

*I've reviewed the information supplied by Starling about M's application, and the reason for declining to open the account. Our service can treat certain evidence as confidential, for example if it is commercially sensitive or contains information on security procedures. In this case I'm satisfied that Starling's rationale should remain confidential. So, I'm sorry to M I won't be detailing it in full here.*

*It wouldn't be appropriate for me to detail Starling's internal criteria, so I'm limited in what I can explain here. But in checking M's application against these internal criteria, I'm not persuaded that Starling carried out the appropriate checks with the correct organisations. I do not see that Starling gave the application enough due care and attention before deciding to decline to open the account.*

*M have enquired about whether they have been discriminated against, because of the religious nature of the charity. The main legislation in the UK that deals with issues of discrimination is The Equalities Act 2010 – although the act itself makes it clear that only a court can make a finding on whether the act itself has been breached. But I have considered this point when deciding if Starling have been reasonable.*

*From what I've seen I think it's likely that the religious nature of M's charity was something that Starling took into account when declining the application. So, I see it that they likely have been treated differently from a similar organisation without the same religious nature. I don't see this was reasonable.*

*Overall, I'm not persuaded that Starling considered M's application fairly and reasonably. But based on further questions I've asked from M, I think it's unlikely that they would have met Starling's criteria for opening an account even if the bank had reasonably assessed the application. So, I'm not minded to say that Starling should now open an account for M, and I understand M now has opened accounts elsewhere.*

*The application process will have taken the trustees' time away from other matters involved in the running of the charity. This is likely to have caused a degree of inconvenience to M, and I see that compensation would be appropriate. And having considered it, I'm minded that £150 would fairly reflect the impact on M.*

Both parties responded before the deadline. Starling confirmed they would accept this outcome. M confirmed they have nothing further to add at this stage.

As both parties have now responded, I can proceed with my 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.

Having reviewed the evidence afresh, and with no further comments from either party to consider, I remain satisfied with the conclusions reached in the provisional decision.

While Starling have a broad commercial discretion over who they provide accounts to, in this case I'm not satisfied they gave M's application a reasonable of consideration. And I'm satisfied that it's likely M's application was treated differently because of the religious nature of the charity.

On that basis I see it would be reasonable for Starling to compensate M, to reflect the

disruption and inconvenience caused. And I remain satisfied that £150 is a reasonable amount.

### **My final decision**

My final decision is that Starling Bank Limited must pay M £150.

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

Thom Bennett  
**Ombudsman**