

## **The complaint**

Miss M complains that Starling Bank Limited (“Starling”) won’t refund payments she didn’t make or otherwise authorise.

## **What happened**

In October 2024, Miss M received a call from someone purporting to be from Starling and they said they were calling in relation to fraudulent activity. Under the guise of helping her protect her funds, the caller made Miss M complete some steps in her Starling banking app. However, in practice, those steps approved online card payments totalling just over £700.

Miss M reported the scam to Starling and raised a complaint when it didn’t refund her. Starling said the payments were authorised on the basis that Miss M completed additional verification in the Starling app. It paid £50 compensation for any distress caused by the scam outcome letter including a paragraph about it accepting some responsibility for not protecting her, which it said was an error.

Miss M referred her complaint to our Service. Our investigator didn’t uphold the complaint as they too considered the payments were authorised and they thought Starling hadn’t acted unfairly in processing the payments. Miss M disagreed and asked for an Ombudsman to review the case.

## **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’d like to start by thanking Miss M and Starling for their patience while this complaint had been awaiting allocation to an ombudsman. I’m sorry to hear about the impact this incident has had on Miss M. Falling victim to a scam can be devastating, not just financially but also emotionally.

When a payment is disputed, the starting point in law is that the payer (here Miss M) is liable for payments that they authorised, and the payment service provider (here Starling) is liable for unauthorised payments.

Under the Payment Service Regulations 2017 (PSRs), which is the relevant legislation here, a payment is authorised if it is correctly authenticated and consented to by the consumer, or on their behalf. The PSRs say that consent must be given in accordance with the form and procedure agreed between them.

Here the relevant framework contract are the terms and conditions applicable to Miss M’s Starling account. In order for the disputed payment to be considered authorised, Miss M would need to have given her consent as set out in the terms.

I’ve reviewed the relevant terms and conditions, and they state:

*When you approve a payment via the App or Online Banking, you confirm to us that you are authorising us to process the payment on your behalf.*

Starling has shown the payment process that needed to be completed for the disputed transactions, and this involved several steps. Miss M needed to log into her Starling app and then she was presented with options to 'Reject' or 'Approve' the payment that had been requested. And this screen made it clear an Online card transaction had been made; how much the payment was for; and who it was being sent to. I can see Miss M also recalls seeing the approval requests at the time.

Miss M says that she didn't approve the transactions and clicked 'Reject' instead. But it wasn't possible for the payments in question to be made without this in-app approval. The technical evidence Starling has provided shows that this approval was completed in its app on Miss M's registered phone. There's no evidence to support that Starling's systems were compromised. Also, I consider it less likely that a scammer would need to phone Miss M and ask her to complete some steps in her Starling app if it had already been hacked. The more likely explanation, as supported by the technical data, is that the scammer needed her involvement in accessing the Starling app and approving the payment verification notification. What this means is Miss M did what is needed under Starling's terms to give her consent.

I accept Miss M didn't enter her card details on the merchant's website. This was likely done by the scammer. And I accept she didn't want to make this payment; she followed the steps because the scammer tricked her. But these aren't considerations or steps within Starling's terms. And it was Miss M selecting 'Approve' that led to the payments being made.

Starling has therefore shown that Miss M completed the necessary steps to consent to the payments, in line with the terms she agreed to. So, in line with the PSRs, I'm satisfied that the payments are authorised.

As I've found that Miss M authorised the payments, I've then considered whether Starling missed an opportunity to prevent the funds leaving her account. Or to recover the funds for her when she realised that she'd been scammed.

The amounts of these payments were not that unusual and were in line with other spending on Miss M's account. The payments also went to legitimate merchants. So, I wouldn't have expected Starling to have considered they suggested a risk of financial harm.

And in terms of recovery, I wouldn't have expected Starling to pursue a chargeback claim in this case, as it's very likely the merchant provided the services paid for here. I accept that they were provided to the scammer and not Miss M, but that isn't a valid ground for a chargeback claim. Starling did raise a chargeback claim, but unsurprisingly it wasn't successful.

In summary, I recognise that Miss M has been the victim of a cruel scam, but I can't fairly conclude that Starling has done anything wrong here in how it processed the payments. I agree that, in line with the PSRs, the payments would be considered authorised. And I don't consider Starling should've stopped the payments or that it could've recovered the funds later. Starling has already accepted that it made an error in its written response to Miss M's claim, and it has paid £50 compensation for the distress caused by this error. In the circumstances, I don't think Starling needs to do anything more.

### **My final decision**

For the reasons given, my final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss M to accept or reject my decision before 14 November 2025.

Gagandeep Singh  
**Ombudsman**