

The complaint

Mr and Mrs V are complaining that Starling Bank Limited didn't do enough to prevent them from making a payment to a scam.

What happened

Both parties are familiar with the circumstances of the scam so I'll only set them out briefly here.

In September 2024 Mr V fell victim to an impersonation scam. He was contacted by someone pretending to be from his bank and on 7 September 2024, on their instruction, he made a payment of £786 from his Starling joint account with Mrs V to an account he held with another business. From here the funds were used to buy cryptocurrency which was then transferred to the scam, and lost.

Mr V realised what had happened, and contacted Starling the day after he'd made the payment - and again around a week later. But Starling didn't log a scam claim or a complaint until around three weeks after that. It issued its final response in October 2024.

In its final response Starling said it would pay Mr V £125, because it didn't log his scam claim as soon as it should have. But it didn't uphold his complaint about the scam payment. It said it didn't review the scam payment at the time it was sent because it didn't think it was suspicious or out of character.

Mr and Mrs V referred their complaint to our Service. But our Investigator didn't think it should be upheld, because she didn't think the payment was suspicious enough that she would have expected Starling to have intervened. She also thought the £125 Starling had paid for the delay in investigating the scam claim was fair.

Mr and Mrs V didn't agree, so their complaint has been passed to me for review and 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.

I'm really sorry to disappoint Mr and Mrs V, but I'm not upholding this complaint – for the same reasons as the Investigator. It appears Mr V has been the victim of a cruel scam, and I can understand why he'd think he should get the money back. But I've not found that there were any failings on Starling's part that could lead me to conclude it should refund the disputed payment. I'll explain why.

It's not in dispute that Mr V authorised the payment. And Starling has a duty to act on his instructions. But in some circumstances it should take a closer look at the circumstances of the payment – for example, if it ought to be alert to a fraud risk, because the transaction is unusual for the customer, or otherwise looks characteristic of fraud. And if so it should intervene, for example, by contacting the customer directly before releasing the payments. But I'd expect any intervention to be proportionate to the circumstances of the payment.

Ultimately, I need to decide if the payment was unusual enough to have expected additional checks to be carried out before it was processed. When considering this, I've kept in mind that Starling processes high volumes of transactions each day, and that there is a balance to be found between allowing customers to be able to use their account and questioning transactions to confirm they're legitimate.

I have reviewed Mr and Mrs V's account activity alongside the payment Mr V made to the scam. And I'm not persuaded Starling ought to have found it suspicious, so that it ought to have made further enquires before processing it.

The payment was made to another account held in Mr V's name. Although at this time, I'd have expected Starling to have been aware of the increased risk to its customers of multistage fraud - where funds are transferred to other accounts in the customer's name before being lost to the scam later in the payment chain - I do think Starling could have been reassured by this, in all the circumstances here. And as it was a single payment, there was no pattern of payment activity which could have indicated a scam was taking place.

The payment also didn't appear to be particularly out of line with Mr and Mrs V's usual account activity; they had regularly made payments from this account into other accounts in Mr V's name. This payment was slightly higher in value than the regular payments they'd made in the six months before the scam payment, but not significantly so, and not to the extent that I'd have expected Starling to have been concerned. The disputed payment simply wasn't of a value where I'd usually expect Starling to be concerned about a significant risk of financial harm due to a scam, such that it ought to have intervened. Taking all this into account, I don't think Starling should have done more to prevent Mr V from making the payment.

There are industry standards around attempting recovery of funds where a scam is reported. I'd usually expect a business to try to recover the funds immediately on being informed of a scam. This didn't happen here, because Starling didn't begin its investigation promptly when Mr V reported the scam. But this didn't affect the prospect of recovering the funds, because the payment was made to another account held in Mr V's name and had already been transferred on from there when Mr V first reported the scam to Starling. I can't see how Starling would ever have been able to recover the payment in these circumstances.

Starling has told us it has paid Mr V £125 for its errors in handling the scam report which delayed the scam investigation. Like the investigator, I think £125 is fair and reasonable compensation here, taking into account the impact of the delay. Although I appreciate this must have been a frustrating process for Mr V, it didn't affect the outcome of the scam investigation or the potential to recover the payment.

Once again, I'm sorry to disappoint Mr and Mrs V. But I don't think Starling ought reasonably to have done anything else to prevent the loss to the scam. So, it wouldn't be reasonable for me to ask it to refund the payment Mr V made.

My final decision

My final decision is that I'm not upholding Mr and Mrs V's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs V to accept or reject my decision before 25 June 2025.

Helen Sutcliffe
Ombudsman