

The complaint

Mr H complains that Starling Bank Limited didn't refund him money, that he believed was lost through an Authorised Push Payment ("APP") investment scam.

What happened

The background to this complaint is well known to all parties and has been laid out in detail by our Investigator in their view, so I won't repeat it all in detail here. But in summary, I understand it to be as follows.

In or around May 2021, Mr H made enquiries, through a web form enquiry, about tax efficient investment schemes. He was subsequently contacted by a broker, who sent Mr H two prospectuses, one of which being about a particular investment in a company called 'F', which involved the development of apps focussing on recycling. The investment was part of the Enterprise Investment Scheme (EIS) and so had associated tax benefits, with F's growth strategy being to launch on the stock market within five years.

Mr H thought this was a good opportunity for investment and initially made payments to it from an account he held with another banking provider. Mr H has said he'd carried out research on the company and had also visited them at their offices. Believing everything to be genuine Mr H made further payments towards the investment, which included the following payments from the account he held with Starling, the payments were made to F through a broker.

25 August 2022	£5,000
27 September 2022	£70,000

Mr H has said he started to become suspicious in early 2024 when a voting pack, that he was expecting to receive, didn't materialise. Mr H had also been told about a potential buy out by venture capitalists - but he hadn't been made aware of any deal being made. He carried out some open-source research and learned about a police investigation into suspected fraudulent activity. Mr H said his suspicions grew when communication ceased and he heard that key people within the company he had invested in were using pseudonyms.

Mr H believed he'd fallen victim to a fraud and so raised a claim with Starling for the payments he had made. Starling responded saying it acted appropriately when the payments were made and followed the correct procedures. It added that due to an ongoing police investigation, it wouldn't be able to issue an outcome on Mr H's complaint until the investigations were concluded.

Mr H then referred his complaint to this service. One of our Investigators looked into it. Having done so, our Investigator didn't uphold the complaint. In summary, our Investigator said the evidence he'd seen didn't demonstrate that an APP scam had taken place. He added that he thought it was reasonable for Starling to have put the case on hold.

Mr H didn't agree with our Investigator's view. As agreement hasn't been reached the

complaint has been passed to me for a 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.

I'm very aware that I've summarised this complaint briefly, in less detail than has been provided, and in my own words. No discourtesy is intended by this. Instead, I've focussed on what I think is the heart of the matter here. If there's something I've not mentioned, it isn't because I've ignored it. I haven't. I'm satisfied I don't need to comment on every individual point or argument to be able to reach what I think is the right outcome. Our rules allow me to do this. This simply reflects the informal nature of our service as a free alternative to the courts.

I'm mindful that, in his submissions to this service, Mr H has mentioned actions that other banking providers have taken in respect of reimbursing their customers. That is a decision the other banking providers have made, however it doesn't automatically follow that this service would consider other payment providers should do the same. Here, as I'm required to do, I've looked at the individual circumstances of Mr H's complaint.

It isn't in dispute that Mr H authorised the payments in question. Because of this the starting position – in line with the Payment Services Regulations 2017 – is that he's liable for the transactions in the first instance. But he says that he has been the victim of an authorised push payment (APP) scam.

Starling was signed up to the voluntary Contingent Reimbursement Model (CRM Code), which was in force at the time Mr H made the payments from his Starling account. The CRM Code provided additional protection to scam victims. Under the CRM Code, the starting principle was that a firm should reimburse a customer who is the victim of an APP scam (except in limited circumstances). Starling has effectively sought to rely on provision R3(1)(c) of the CRM Code that allows it to wait for the outcome of an investigation by a statutory body before making a decision. That provision states:

"If a case is subject to investigation by a statutory body and the outcome might reasonably inform the Firm's decision, the Firm may wait for the outcome of the investigation before making a decision".

I have therefore firstly considered if it is fair for Starling to rely on this provision in the circumstances.

Ultimately, Starling has one of three options available to it. It can either accept a scam has occurred and consider whether it should reimburse Mr H under the CRM Code, it can decide that no scam has occurred and therefore not reimburse Mr H, or it can decide to await the outcome of an investigation.

As set out above, Starling has decided to await the outcome of an investigation by the police, and the CRM Code allows it to do so where the outcome of that investigation might inform its decision.

From what I have seen so far, I am not satisfied the evidence available to me indicates a scam has occurred in the circumstances. From the evidence Mr H has sent in, which includes letters, shareholder updates and promotional materials, the documentation appears to be professional. Mr H has also said he received share certificates for the payments he made, the company was registered on Companies House, and he visited it at its offices.

I'm also aware that a number of customers did receive tax rebates from HMRC following their investments, as well as returns, which isn't indicative of a company running a fraud. It is possible there have been some questionable sales tactics, but I've not seen sufficient evidence to persuade me that there was an intent to defraud, such that this was a scam rather than a high-risk investment.

Ultimately, what I've seen doesn't indicate that the company Mr H paid was orchestrating a scam investment in order to induce payments from investors with no intention to use the funds as intended.

I do appreciate there is an ongoing police investigation and recognise that this may appear to be proof that Mr H has been the victim of fraud—as it infers that the police have taken the matter seriously enough to pursue this course of action. However, the purpose of an investigation is to gather evidence. And that will likely go toward investigating what the intent was at the time; the result of which may or may not lead to a prosecution. But in and of itself, an investigation doesn't automatically mean that a fraud has occurred.

I'm mindful that there is the possibility that Mr H has been the victim of fraud here. But from the information available to me, I cannot reasonably eliminate the possibility he has instead lost money to a failed investment. Starling has indicated it would provide its outcome on conclusion of the police investigation. It is possible that further evidence may become known at a later date, which may indicate that F were operating a scam. Should such evidence come to light, then Mr H can complain to Starling again, and refer the matter to this office, should he not be happy with the outcome.

Overall and in summary, because nothing I have seen on file clearly indicates to me that Mr H has been the victim of an APP scam and considering the ongoing police investigation. I don't think it's unreasonable for Starling to have said it will wait the conclusion of the police investigation - and the provisions of the CRM code allow it to do so.

I'm sorry to hear of what's happened to Mr H and I have a great deal of sympathy for him. He has lost a significant amount of money and I don't doubt he has been badly let down by the companies he invested in. But, my role here is to consider Starling's actions and based on the evidence available I don't think it has acted unreasonably in relying on the provision of the CRM code that it has.

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 Mr H to accept or reject my decision before 28 October 2025.

Stephen Wise
Ombudsman