

The complaint

Mr Y complains that two international payments he made from his Starling Bank Limited account went missing, and that it won't take responsibility for tracing the payments.

What happened

In September 2024 Mr Y made two international payments to his daughters who live abroad. The monies were not received by them despite the fact that he had been making the same payments without issue for the previous two years. He contacted Starling who agreed to attempt to put a trace on the payments.

Mr Y chased Starling, who then advised that, due to the payments being made through the low cost option, it was unable to trace the payments. It agreed to contact the receiving bank with details of the payments, but subsequently advised that it had had no response. Consequently it said it couldn't recall the payments, but suggested that Mr Y's daughters contact their bank and ask about the payments. It recognised the delay in dealing with the matter and the initial wrong advice, and paid Mr Y £100 compensation.

On referral to the Financial Ombudsman Service, our Investigator said that as Mr Y had used the low cost option they thought Starling had done what it could to assist with recovering the monies. They thought the compensation paid was reasonable so wouldn't be asking Starling to take any further action.

Mr Y didn't agree, he pointed out that Starling says in respect of the low cost option that it cannot recall the payment if there is an error, he read this as relating to customer error. And he confirmed that having previously made the payments without issue, there was no error on his part.

The matter has been passed to me for an Ombudsman's consideration.

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.

First of all I do recognise Mr Y's frustration that the two payments went missing. Looking at Starling's website it offers two options for international payments, a SWIFT payment or a low cost option. Mr Y had been using the low cost option as the charges for the SWIFT payment represented a high cost relative to the amounts he was paying. For the low cost option, Starling says:

"We can't guarantee the reference on the payment and we can't recall it if there's an error. So we don't recommend this option for critical payments such as bills."

I understand Mr Y's point in that he thought that the "error" just referred to customer error. And I understand that there was no such error on his part. But Starling has demonstrated that the payment was sent so equally says there was no error on its part. The fault seems to

apparently lie with an intermediary bank which the receiving bank uses to process the payments. Though unfortunately Starling has no access to that bank. I recognise it would be fair to refund the payments if Starling had made an error in the payment not going through. But if it hasn't, all we would expect it to do in this situation would be for it to use its best endeavours to find out what had happened to the payment and I'm satisfied that it has done that.

Given that the low cost option sets out the disadvantages of using that process, I think the customer has to accept that in these sort of circumstances, Starling wouldn't be able to trace the payment. I've considered the terms and conditions of its personal accounts and also the mobile banking app terms, but I can't find that Starling takes responsibility for such international payments not going through. I appreciate that Mr Y has made successful payments through the low cost option both before and after this issue, and I'm sure that most of the time this is the case. But because of its limitations he unfortunately must take the risk that the payments might not go through, and may not be able to be traced.

In respect of Starling's handling of Mr Y's complaint, I notice that it initially agreed to trace the payment, but when he chased it up two weeks later it hadn't done anything about that. And it had to advise that it couldn't trace the payment. So for the delay and the wrong advice, it paid Mr Y £100 which I think is fair and reasonable in the circumstances.

My final decision

I don't uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr Y to accept or reject my decision before 22 April 2025.

Ray Lawley
Ombudsman