

The complaint

Mr S complains Starling Bank Limited blocked his account when he said he wanted to transfer money to another of his accounts.

What happened

Mr S has an account with Starling Bank and two other banks who I'll refer to as "M" and "N" throughout the rest of this decision. His account with "M" had been newly set up at the time.

Mr S says he tried to transfer £1,000 from his account with Starling Bank to his account with M in December 2024. He says Starling Bank called him with concerns about fraud and scams. He says Starling Bank blocked his account when he said he'd probably use the money to buy cryptocurrency and asked him to send screenshots of his cryptocurrency account. Mr S complained saying he didn't think it was Starling Bank's responsibility to protect him from fraud in these circumstances and that this was surely M's concern. He said Starling Bank's actions had inconvenienced him considerably, that he's lost access to his funds for several days and had lost the option of buying cryptocurrency at a lower price.

Starling Bank looked into Mr S's complaint and said that its fraud prevention team had contacted him on 8 December 2024 for more information about a payment he wanted to make. Starling Bank said that it had concerns that Mr S was being scammed and because of this asked for evidence of his cryptocurrency account. Starling Bank said it considers cryptocurrency activity to be high risk and that Mr S's account was unblocked on 12 December 2024 after it had received screenshots of his cryptocurrency account. It didn't allow his intended payment, however.

Mr S complained to us saying that he wanted recognition that Starling Bank didn't have the right to limit how he spent money in another bank. He said that Starling Bank should display their "anti-crypto" stance more clearly on their website and that a customer should be able to transfer funds to another UK bank without hindrance and excessive scrutiny.

One of our investigators looked into Mr S's complaint and said that they didn't think Starling Bank had acted unfairly or unreasonably. Mr S wasn't happy with our investigator's conclusions and so asked for his complaint to be referred to an ombudsman for a decision. He said that banks shouldn't be blocking a payment to another bank or asking about a customer's ultimate intentions and spending goals as this was an invasion of privacy. His complaint was as a result passed to me.

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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've considered Starling Bank's terms and conditions and listened to the call that the fraud team made to Mr S on 8 December 2024. I've also checked Starling Bank's website and I'm satisfied that the website makes it clear that Starling Bank no longer supports the buying and selling of cryptocurrency. Having done all of that, I don't agree with Mr S that Starling Bank had no right to question payments he's making to another bank even though I can understand why he feels this way. I'll explain why.

Banks have a responsibility to protect their customers from harm, including fraud. That includes protecting customers from what's known as multi-stage fraud – where money is transferred from one bank to another and ultimately lost to a fraud, almost invariably involving cryptocurrency – which has grown very significantly in recent years. This was no doubt a factor in Starling Bank's decision to no longer support the buying and selling of cryptocurrency.

In this case, I can see that Mr S wanted to send money to a newly set up account with a view to investing that money in cryptocurrency having already had long conversations with N. Those conversations resulted in N refusing to allow Mr S to make the payments he wanted to make as N had concerns he was falling victim to a scam. I don't, given what I've just said, agree that Starling Bank acted unfairly or unreasonably when it blocked Mr S's account until he sent in evidence about his cryptocurrency account. Nor do I think it was unfair or unreasonable of Starling Bank to unblock Mr S's account on 12 December 2024 – having received the information it asked for – but say that it wouldn't allow him to make any payments that were ultimately going to cryptocurrency given its position on cryptocurrency. I should add that I can also see why Mr S's responses during the call would have been cause for concern.

I appreciate that Mr S will be disappointed with my decision. We do, however, see a large number of cases where banks don't do enough in the early stages of a multi-stage fraud to protect a customer. In those cases, the bank in question often ends up liable for some of the losses that a better intervention could have prevented.

My final decision

My final decision is that I'm not upholding this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 27 June 2025.

Nicolas Atkinson
Ombudsman