DRN-5449578

Financial Ombudsman Service

The complaint

O complains that Starling Bank Limited will not reimburse money it said it lost to a scam.

Mr and Mrs O are the director of O and bring this complaint on behalf of the business. The complainants are represented by a firm I'll refer to as R. For ease I have only referred to Mr O and O in this decision.

What happened

Mr O said he came across an investment opportunity with a firm I'll call C and decided to buy shares in the firm. In May and September 2023 Mr O made two payments for a total of £10,000 on behalf of O for the purchase of the shares.

Starling contacted Mr O in October 2023 to let him know it thought the investment might be a scam. It subsequently investigated the matter and concluded that the investment wasn't a scam but rather a bad investment and the payments were not covered under the Contingent Reimbursement Model (CRM). As such, it would not refund the payments Mr O made. Mr O didn't accept what Starling said, he complained but it didn't uphold his complaint.

Our investigator didn't think the complaint should be upheld. She was not persuaded that C is a fraudulent firm, as such didn't think the bank acted unfairly or unreasonably by not refunding the money he lost.

As an agreement couldn't be reached, the complaint has been passed to me to decide.

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.

Having done so, I have come to the same outcome as our investigator and for similar reasons.

I recognise that I have summarised this complaint in much less detail than has been provided. I want to reassure both parties that I have taken their submissions into consideration and if I haven't mentioned something it isn't because I've ignored it. Rather, I've focussed on setting out what is key to my decision.

Not every complaint referred to this service in relation to an investment is in fact a scam. Some complaints that we see involve investments that resulted in disappointing returns or losses. While some investments may be sold using sales methods, or have terms and conditions, that customers think are unfair or misleading, that doesn't always amount to fraud.

For me to conclude that O has been the victim of a scam, I'd have to be satisfied that C deliberately tricked Mr O into making payments and had no intention of providing a return on the investment. I'm not persuaded I can say that is most likely what happened here, and I will explain why:

- C can be found on the Companies House website, and it shows the firm is still active. Its company statement lists Mr O as a shareholder and indicates that he holds 5,000 shares in the firm, which is in line with the share certificate he was provided by the firm.

- C's website and telephone number are still operational. I find the website to be legitimate, and I have not found any negative reviews about the firm when conducting a search online. Mr O received regular communication about the progress of the project it is undertaking which is what I would expect of a legitimate firm. Overall, I have not seen enough to persuade me that C is not a genuine firm.

- I have reviewed the International Organization of Securities Commission (IOSCO)'s website and I'm satisfied there are no alerts or warnings about C or investments in the firm.

- I am also satisfied there are currently no entries regarding C on the Financial Conduct Authority's (FCA) warning list. Although I am aware of a previous warning provided by the regulators, I am not aware of the reason for it. Nevertheless, the absence of a warning, could suggest that the FCA no longer has these concerns.

- The documentation Mr O received including the firms business plan did not guarantee he would receive a certain return on his investment. Rather it states "*Reliance on this promotion for the purpose of engaging in any investment activity may expose an individual to a significant risk of losing all of the property or assets invested."*

- Mr O himself said he was not given specifics about what returns he could expect, but that the investment would grow in a few years, particularly once the shares became public. Unfortunately, the firm is yet to be listed on the stock exchange and the shares remain private. However I'm satisfied there were no guarantees offered by the firm as to when this might occur, and although the firm is still not public I don't think this indicates any deception on its part.

- Mr O said he attempted to sell the shares but was told that the broker no longer works with C. He has not provided any evidence of this, even so I don't think that is enough to say that the investment was a scam. Unlike the stock exchange where public shares are more easily sold, the sale of private shares can be more challenging and is usually contingent on finding an investor to sell to or the firm's willingness to buy the shares back.

- Even if a loss has occurred, for the reasons outlined, I'm not persuaded that it is as a result of fraud or a scam, nor that C's intentions were to defraud Mr O from the outset. Rather, I think the information available indicates any loss incurred is due to the high-risk nature of the investment he chose to partake in.

It follows that where I do not find the payments Mr O made to C were the result of fraud or a scam, I do not think Starling needed to reimburse O. There is no obligation on the bank to protect customers from a bad investment or the risk of loss one faces by entering a high-risk investment, as I find was likely the case here. When it had concerns that the investment might be fraudulent, Starling investigated the matter which is what I would expect it to have done. So I'm satisfied it acted reasonably here.

I have thought carefully about everything that happened, and I can understand Mr O's concerns about the investment. However, in light of the above, I can't fairly or reasonably ask Starling to reimburse the payments made.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I’m required to ask O to accept or reject my decision before 10 September 2025.

Oluwatobi Balogun
Ombudsman