

The complaint

Mr B is unhappy that Starling Bank Limited (Starling) won't reimburse money he lost to a scam.

What happened

The background to this complaint is well known to both parties, so I won't repeat everything here. In summary, Mr B was looking to book a villa abroad that he had rented previously. Mr B was sent across details for the booking including the terms and conditions and made an international payment of £1,928.90 on 22 October 2024.

On 25 October 2024 he was informed that the villa's systems had been hacked and that he had sent the payment through to scammers.

Mr B raised a complaint with Starling. It didn't think it had done anything wrong by allowing the payment to go through. So, Mr B brought his complaint to our service.

Our Investigator looked into the complaint but didn't uphold it. Our Investigator explained that Starling had provided warnings to Mr B before releasing the payment and he thought the actions taken by it were proportionate to the risk it identified.

Mr B didn't agree so the 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.

Having done so, I've reached the same outcome as our Investigator, and for the same reasons.

In line with the Payment Services Regulations 2017, consumers are generally liable for payments they authorise. Starling is expected to process authorised payment instructions without undue delay. But in some circumstances a bank should take a closer look at the circumstances of the payments – for example, if it ought to be alert to a fraud risk, because the transactions were unusual, or looked out of character or suspicious. 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.

I've also kept in mind that banks process high volumes of transactions each day. And that there is a balance for Starling to find between allowing customers to be able to use their accounts and questioning transactions to confirm they're legitimate.

Starling recognised this was a high-risk payment and provided Mr B with advice and warnings to try and protect him from being scammed. It asked a number of questions including if the person he was renting from was a trusted friend or family member. He confirmed it was. Starling also asked if he had checked the bank details using a trusted

contact method, for example by calling the phone number found on the company's website. He confirmed that he had. It also highlighted that scammers can pretend to be from a genuine company and can easily take over email accounts. Starling highlighted the main risks posed by this payment. So, in the circumstances I think the actions Starling took to protect Mr B were proportionate to the risk it identified at the time.

I've not found that Starling ought to have done any more to prevent the scam payment Mr B made.

There has been some confusion around Starling recovering Mr B's funds. He sent the payment on 22 October 2024 and reported the scam on 25 October 2024. In this call Starling confirmed that the payment had already been received by the beneficiary account. So, at this point all it could do was attempt recovery of it. Unfortunately, international payments are much more unlikely to be recoverable. And it is a common feature of scams such as this that funds are promptly moved on by the scammers. Here, the beneficiary bank responded several weeks later to say the funds no longer remained.

Starling has already paid Mr B £40 compensation for poor communication, and I won't be asking it to do anything further.

I realise this means Mr B is out of pocket, and I'm really sorry he's lost money. However, for the reasons I've explained, I don't think I can reasonably tell Starling to reimburse him.

My final decision

I don't think Starling Bank Limited needs to do anything to settle the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 9 October 2025.

Aleya Khanom
Ombudsman