

The complaint

N complains about the actions of Starling Bank Ltd when it was tricked into transferring money as a result of a scam.

N is being represented by a claims management company but for ease I'll refer to N in my decision.

What happened

The detailed background to this complaint is well known to both parties. So, I'll only provide a brief overview of some of the key events here. Both parties are in agreement that N thought it was sending genuine payments towards two separate investments that turned out to be a scam, so I won't repeat those points here other than to confirm that in total N lost around £14,640.

Our Investigator didn't think the complaint should be upheld. He said the payments N made towards the scam weren't sufficiently unusual for Starling to have stopped and done more. He said one payment of £1,000 was stopped on 02 October 2022 but N cancelled the payment when Starling was going to ask some questions about it. So, he didn't think Starling could've reasonably done more here.

N disagreed and asked for an Ombudsman's review. It said the payments were unusual for the business account and to a high-risk crypto exchange. So, Starling should've done more to stop the payments and provide an intervention which would've more than likely uncovered the scam.

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 conclusion as our investigator. And for largely the same reasons. I'm sorry to hear that N has been the victim of a cruel scam. I know it feels strongly about this complaint and this will come as a disappointment to it, so I'll explain why.

Where the evidence is incomplete, inconclusive, or contradictory (as it is here), I have to make my decision on the balance of probabilities – that is, what I consider is more likely than not to have happened in the light of the available evidence and the wider surrounding circumstances.

Firstly, I note N raised a complaint point about its account being closed. As the Investigator has already mentioned as this point hasn't been raised with Starling previously it will need to be given the opportunity to respond to that point before this service can consider it.

It is common ground that N authorised the scam payments here. I accept that this was an authorised payment even though N was the victim of a scam. So, although it wasn't its

intention to pay money to the scammers, under the Payment Services Regulations 2017 (PSRs) and the terms of its account, N is presumed liable for the loss in the first instance.

However, taking into account the law, regulatory rules and guidance, relevant codes of practice and good industry practice, there are circumstances where it might be appropriate for Starling to take additional steps or make additional checks before processing a payment in order to help protect customers from the possibility of financial harm from fraud.

Starling's first obligation is to follow the instruction that N provided. But if those instructions are sufficiently unusual or uncharacteristic for the account, I'd expect Starling to intervene and to ask their customer more about the intended transaction before processing it. I'd also expect Starling to provide suitable warnings about common scams to help their customers make an informed decision as to whether to continue with the payment. There might also be cases where it's appropriate for Starling to refuse to follow the instruction if there are good grounds to believe it is being made as a result of a fraud or scam.

So, I need to consider whether the instructions given by N to Starling to pay a total of around £14,640 (ranging from £298 on 13 January 2021 to £3,300 on 17 January 2022) were unusual in relation to N's typical account activity. So, I've reviewed the account statements for the twelve months prior to the scam payments being made. Having done so, I can see a previous payment of £9,740 on 04 June 2021 which is larger than any single payment or the total amount N made in one day towards this scam.

I note N's comments that the payments here were being made to a crypto exchange and therefore should've been considered highly suspicious. At the time of these payments, I wouldn't say that the payment destination in of itself should have been sufficiently suspicious for Starling to have intervened because this was a business account. There are other factors to consider so that I can reasonably conclude Starling should've done more here. The payments were spread out over the course of a year with the majority of them being made in two months. Account usage for a business can also change over time. So, I don't consider the payments N made here between January 2021 and January 2022 to be sufficiently unusual in their amounts and patterns that Starling should've been reasonably suspicious of them and intervened further.

There was a later payment that was stopped in October 2022. But this was a long time after the disputed payments that N lost earlier in the scam. And because that October 2022 payment was cancelled - N didn't suffer a loss there. Although Starling stopped that payment in October 2022, I don't think that means it should've reasonably intervened in the earlier payments for the reasons I've already provided.

Recovery

The only other avenue for N to recover its money was via a chargeback. A chargeback isn't guaranteed to result in a refund, there needs to be a right to a chargeback under the scheme rules and under those rules the merchant or merchant acquirer can defend a chargeback if it doesn't agree with the request. Unfortunately, in this case the merchant was a genuine crypto exchange who didn't do anything wrong. We would only expect Starling to raise a chargeback if it was likely to be successful. Based on the available evidence this does not look like a claim that would have been successful. So, Starling didn't treat N unfairly by not processing a chargeback here.

I'm sorry to hear N has been a victim in this way, but I don't think Starling are responsible for its loss and so I can't fairly ask Starling to do more.

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 N to accept or reject my decision before 13 August 2025.

Mark Dobson
Ombudsman