

## **The complaint**

Ms H and Mr K complain about the delay by Starling Bank Limited ("Starling") in crediting an inbound payment into their joint account representing the proceeds of the sale of their property resulting in the loss of investment opportunities.

## **What happened**

On 12 September 2024 a CHAPs payment of £1,571,947.98 representing the sale proceeds of a property was made to Ms H and Mr K's joint account held with Starling. Mr K had pre-informed Starling a few months before and that day that they were expecting a high value payment into their account before the payment was made.

On receipt of the payment at around 3pm Starling requested supporting documents from Mr K which he provided promptly. Starling advised Mr K that it looked to have the funds credited to Ms H and his joint account by 5.30pm after additional checks were completed. Mr K notified Starling that he had a deadline and that he had to credit the funds to an external account by 9pm that day and asked for the payment to be escalated.

At around 5.30pm when the funds still weren't credited Mr K chased Starling for an update and was told that it was still working as quickly as possible to get the payment and review completed and that it would reach out as soon as it was done.

Unfortunately, Starling's checks were not completed in time for the funds to be credited by the close of business that day and were instead credited and made available to Mr K and Ms H the following day at around 11am.

Mr K raised a complaint with Starling about this.

Starling agreed the service hadn't been as it should've and that it failed to manage Mr K's expectations better to explain the timeframes of its reviews and fed this back to its senior management. In recognition of the poor service received Starling paid £250 in compensation.

Mr K and Ms H were dissatisfied with this and so brought their complaint to this service. Mr K says he was given conflicting information and broken assurances from Starling and that it lacked empathy for their situation.

Mr K says that due to Starling's delays they lost out on an investment opportunity and want to be compensated for the loss in interest at 5% - the rate of interest they lost out on - and don't believe the compensation Starling paid was a fair reflection of the distress and inconvenience caused to both of him and Ms H.

Furthermore, Mr K is unhappy that the payments made out of their account were also held for further checks resulting in further delays.

Starling explained that despite Mr K's prior notification of the expected payment this wouldn't have impacted the time taken to review the payment as it still needed to review and

investigate the payment once received in-line with its regulatory requirements. Furthermore, as the payments made out of the account were for new payee, the check it made on these were in-line with its normal processes and so it hadn't made an error here.

One of our investigators looked into Mr K and Ms H's concerns and thought that although the time Starling took to process the payment was within a 24-hour review period which it thought appropriate and that its terms and conditions allowed it to temporarily restrict payments on the account, that there had been a service failing on Starlings part. They thought Starling should have made it clear that there was a possibility that it could take 24 hours to complete its checks instead of informing Mr K that the team would look to get the payment credited by 5.30pm.

But as Starling had already compensated Mr K and Ms H £250 which is in-line with what this service awards in circumstances such as these they didn't think Starling needed to do anything more.

Mr K and Ms H were dissatisfied with this and have asked for an ombudsman's decision. Mr K doesn't believe the impact this experience has had on his wife has been considered and doesn't believe the £250 compensation paid is enough and that we haven't considered the loss of interest overnight and the hours spent scrabbling to repair an investment plan which had been formulated over the preceding months.

Mr K doesn't believe the time spent by Starlings staff in processing in and out-bound payments align to with the processes of other banks and wants to an explanation why the processing of the payment was so complicated and when Starling last conducted an internal audit of its payment flow processes and procedures.

### **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 hope that Mr K and Ms H won't take it as a discourtesy that I've condensed this complaint in the way that I have. I've concentrated on what I consider to be the crux of the complaint. Our rules allow me to do that. And the crux of the complaint is about the time it took for Starling to review and process a large incoming CHAPs payment resulting in lost interest and an investment opportunity.

My role is to look at the problems Mr K and Ms H have experienced and see if Starling has done anything wrong or treated them unfairly. If it has, I would seek – if possible - to put Mr K and Ms H back in the position they would've been in if the mistakes hadn't happened. And I may award compensation that I think is fair and reasonable.

It might help if I explain I don't have the power to tell Starling how it needs to run its business and I can't make it change its systems or processes – such as how long it takes to review and process transactions and the procedures it has in place to do this. These are commercial decisions and not something for me to get involved with. Nor can I say what procedures Starling need to have in place to meet its regulatory obligations.

Mr K doesn't believe the delays experienced in Starling reviewing and processing of the proceeds of the sale of his house were acceptable. Especially considering he'd pre-notified Starling about the payment, that it was coming from a regulated firm of solicitors and for which he'd provided a sale contract for.

But when it comes to large transactions such as the one the subject of this complaint (£1,571,947.98) Starling's terms and conditions allow it to temporarily restrict payments on the account and that it considers 24 hours an appropriate time frame for payments of this nature to be reviewed and processed.

I don't think this is unreasonable, as I'd expect there to be checks that would need to be made in order to adhere to regulatory requirements. As I'm sure Mr K appreciates this is to protect both Starling and its customers. And as the payments were processed within what I think was a reasonable timescale - I can't say Starling made a mistake in the processing of the payment.

Mr K doesn't understand the time it took for Starling to review and process the payment given that he'd provided the sales contract and that the proceeds of sale were coming from a regulated firm he believes the money was clean and low risk. But these factors don't absolve Starling of its regulatory duties and it wouldn't be fair to expect Starling to waive these on the basis the money was coming from a regulated third-party who may or may not have adhered to its own regulatory obligations.

I appreciate that other businesses have different internal policies regarding the review and processing of payments and they may well be quicker. But Starling is entitled to set its own policies and procedures regarding this and isn't obligated to follow what other businesses do.

And as the payment was reviewed and processed within what I think was a reasonable time, I can't say that Starling have made a mistake here. And I also think the same applies for the payments Mr K and Ms H made out of their account following the crediting of the sales proceeds. Starling have explained the payee's were new recipients' and so I don't think it unreasonable it required checks to be undertaken and as the checks it made were in-line with its normal processes I can't say it made an error here.

But that is not to say that Starling did everything right. I'm in agreement with our investigator that there has been a service failing on Starlings behalf in that it failed to manage Mr K's expectations by informing him that the team would look to get the payment credited by 5.30pm when there was a possibility this couldn't be done. And Starling have accepted this. So what I have to decide is whether the £250 compensation Starling have already paid is enough to put things right.

Mr K says that as a result of the service received by Starling they missed an investment opportunity and interest overnight on the funds. But I don't agree. I say this as whether Mr K was misinformed about the review and processing time and given false assurances or not, the result would've been the same. I accept Mr K had communicated that there was some urgency in the matter of having the funds credited but this doesn't change Starlings internal policies or the time it takes it to process and review a payment.

I appreciate Mr K had formulated an investment plan for the proceeds in advance of the sale going through. But when forming plans they had no guarantee the exact time and day the sale would complete and when they'd receive the proceeds into their account following all the steps that needed to be taken in-between. Indeed, I can see the email from Mr K and Ms H's solicitors only confirms completion of their sale on 12 September in the afternoon and that the funds *should* be with them at the end of the day at the latest.

So there was no guarantee that they would even receive the funds into their account with Starling on the 12<sup>th</sup> by their solicitors and so I don't think it would be fair to hold Starling responsible for any lost investment opportunities or interest because Mr K and Ms H

received the funds - only received by Starling late in the afternoon - a few hours later than expected.

But Mr K and Ms H were inconvenienced when they couldn't carry out their plans as they intended and had to spend an evening having to make adjustments to this. Starling have already compensated £250 for this and taking into consideration Mr K and Ms H weren't under any impression the funds were missing or lost, and they understood it was a delay which turned out to be a few hours I think this is fair.

I appreciate that Mr K believes because both him and his wife were impacted by the experience that the compensation already paid should be doubled. But the compensation isn't awarded separately per individual, but rather as a whole as the complaint is regarding a joint account. And as an award of £250 is in-line with what we'd usually recommend in situations like this I'm not persuaded any uplift on this would make a material difference to the outcome. And so on this basis I think what Starling has already compensated Mr K and Ms H is fair for the distress and inconvenience suffered and I'm not going to ask Starling to do anything more.

### **My final decision**

For the reasons I've explained I've decided what Starling Bank Limited has done to resolve Ms H and Mr K's complaint is fair and I'm not going to ask it do anything more.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms H and Mr K to accept or reject my decision before 15 July 2025.

Caroline Davies  
**Ombudsman**