

## **The complaint**

Mr H complains Starling Bank Limited unfairly restricted and then closed his account.

## **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.

Mr H held a Starling account, and on 27 September 2024 Starling restricted the account. Starling asked Mr H for more information regarding a payment into the account on 29 May 2024 from a third party – a relative of Mr H. In response Mr H said the incoming payment was from a relative to buy sports equipment. Starling explained the sender had disputed the transaction, and it asked for further evidence to support Mr H's version of events. Mr H provided evidence in the form of screen shots relating to the purchase.

Mr H's account remained blocked and on 3 October 2024 he raised a formal complaint about Starling's handling of his account. Mr H said the account restriction was causing him significant distress and inconvenience, and he was unable to meet financial commitments. On 5 October 2024 Starling informed Mr H, it would be closing his account in 7 days. It also reviewed Mr H's complaint and found that it had acted appropriately and in line with the account term and conditions. It explained the restrictions were necessary and that it had to act on the information it had available. Mr H's account closed on 12 October 2024.

Mr H remained unhappy with Starling's response and referred the complaint to our service. An Investigator reviewed their concerns and in summary, made the following findings:

- Starling's regulatory obligations mean it is entitled to carry out reviews of customer accounts.
- The block of Mr H's account was fair and in line with the account terms and conditions.
- Starling has provided evidence to this service in confidence and the reasons for closure are fair. Starling doesn't need to provide Mr H with further reasons for the closure.

Mr H remained unhappy and reiterated his concerns about Starling's actions. As no agreement could be reached, the case has been referred to me – an ombudsman – for a final 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.

Firstly, I am sorry to see Mr H has had cause for complaint. Having looked at the complaint fully, my review of the evidence has led me to the same overall conclusions as the Investigator previously set out and for much the same reasons. I will explain why.

I'll start by setting out some context for the review of Mr H's account. UK legislation places extensive obligations on regulated financial businesses. Financial institutions must establish the purpose and intended nature of transactions as well as the origin of funds, and there may be penalties if they don't. This applies to both new and existing relationships. These obligations override all other obligations. In Mr H's case I'm satisfied Starling was complying with these obligations when they reviewed Mr H's account.

I would add too that our rules allow us to receive evidence in confidence. We may treat evidence from banks as confidential for a number of reasons – for example, if it contains security information, or commercially sensitive information. Some of the information Starling has provided is information that we considered should be kept confidential. This means I haven't been able to share a lot of detail with Mr H. Mr H says this lack of transparency is unfair – but I'd like to reassure him that I have considered everything he and Starling have said before reaching my decision.

Based on the information disclosed by Starling I'm satisfied it acted fairly by blocking Mr H's account and had no obligation to tell Mr H the basis of its concern or forewarn him of its intention to carry out such a review.

Mr H's account terms and conditions also allow Starling to block the account to ensure it's able to comply with its regulatory requirements. I understand Mr H's frustration with the block, and I don't doubt it would've had a detrimental impact on him. I've looked at the reasons Starling placed blocks on the account, and I'm satisfied it acted in line with its obligations and acted both fairly and reasonably. So, I don't think Starling did anything wrong when restricting the account.

Whilst the account was blocked Starling asked Mr H for evidence to support the activity on the account. In particular it asked for details regarding the incoming credits and his entitlement to them. Mr H provided various pieces of information to assist with the review – this included screen shots of testimony from the individual who sent the money. However, Starling didn't consider this evidence to be sufficient. Looking at the information Mr H provided I think this was reasonable. The information didn't clearly establish the provision of any goods, and the date and name details on the messages don't tie in with the timeline of events and details held by Starling. I can't see that any further clear evidence was provided to support Mr H's comments around the account activity.

Starling's review of Mr H's account led to its ultimate decision to close the account. Mr H says these actions were disproportionate and unjust. Starling is entitled to set their own policies and part of that will form their risk criteria. It is not in my remit to say what policies or risk appetite Starling should have in place. I can however, while considering the circumstances of individual complaints, decide whether I think customers have been treated fairly. As long as they reach their decisions fairly, it doesn't breach law or regulations and is in keeping with the terms and conditions of the account, then this service won't usually intervene. They shouldn't decline to continue to provide banking services without proper reason, for instance of unfair bias or unlawful discrimination. And they must treat new and existing customers fairly. Given its regulatory and legal obligations, I'm satisfied Starling's decision was made fairly.

The terms and conditions of Mr H's account set out that the bank can close the account by providing 60 days' notice. In certain circumstances, it can also close the account immediately. In this case Starling blocked Mr H's account, so I consider this to be akin to an immediate closure. For Starling to act fairly here they needed to meet the criteria to apply their terms for immediate closure – and having looked at these terms and all the evidence that the bank has provided, I'm satisfied that Starling did.

I can see the closure of the account has caused Mr H distress, and he has explained the impact Starling's decision has had on him as he couldn't access income. Unfortunately, an account closure will inevitably cause a level of inconvenience, and the account holder will have to spend time making alternative arrangements. Mr H has asked for compensation to recognise the impact the closure had on him. But this isn't something I can fairly ask Starling to compensate Mr H for, as its decision was made in line with its account terms. So although I understand Mr H's disappointment with the closure, I consider Starling's actions to be reasonable in the circumstances.

I know this will not be the outcome Mr H was hoping for, and he will be disappointed with the decision I've reached. But I hope my decision provides some clarity around why I won't be asking Starling to take any further action.

### **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 Mr H to accept or reject my decision before 2 July 2025.

Chandni Green  
**Ombudsman**