

The complaint

Mr K complains about Starling Bank Limited on behalf of 'G', a company of which he is a director.

He says that G has lost money to a safe account scam and would like Starling to refund G the money it has lost.

What happened

On 1 June 2024, Mr K contacted Starling to report suspicious activity on his other account with Starling.

Later that day, Mr K received a phone call, supposedly from Starling, saying that there had been suspicious activity on G's account. The individual explained that Mr K would need to move money from G's account to another new account – and that £4,220.24 would be the first transaction.

Mr K believed this person to be genuine, and when an authorisation text came through for the transaction, Mr K approved it. Mr K then became suspicious – and called Starling straight away – but the funds had already been lost.

Mr K then made a complaint on behalf of G, saying that Starling failed to protect G's account, but Starling didn't uphold the complaint – so Mr K brought the complaint to this Service.

Our Investigator looked into things, but didn't think that Starling had done anything wrong – so they didn't recommend that the complaint be upheld.

Mr K then asked for a final decision to be made on G's behalf – so the complaint has been passed to me.

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 decided not to uphold this complaint. I know that this will be disappointing, so I'll explain why.

In broad terms, the starting position at law is that banks and other payment service providers (PSP's) are expected to process payments and withdrawals that a customer authorises it to make, in accordance with the Payment Services Regulations and the terms and conditions of the customer's account. And I have taken that into account when deciding what's fair and reasonable in this case.

Mr K authorised the payment in question here on behalf of G, – so even though he was tricked into doing so and didn't intend for the money to end up in the hands of a scammer, G

is presumed liable in the first instance. I understand that Mr K says that the scammer intercepted Starlings messaging service to trick him into accepting the transaction – but I don't think this is what happened here – instead, it was a genuine message from Starling, alerting G that a payment was being made on its account.

However, this isn't the end of the story. As a matter of good industry practice, Starling should also have taken proactive steps to identify and help prevent transactions – particularly unusual or uncharacteristic transactions – that could involve fraud or be the result of a scam. However, there is a balance to be struck: banks had (and have) obligations to be alert to fraud and scams and to act in their customers' best interests, but they can't reasonably be involved in every transaction.

Taking into account the law, regulator's rules and guidance, relevant codes of practice and what I consider having been good industry practice at the time, I consider Starling should fairly and reasonably:

- Have been monitoring accounts and any payments made or received to counter various risks, including anti-money laundering, countering the financing of terrorism, and preventing fraud and scams.
- Have had systems in place to look out for unusual transactions or other signs that might indicate that its customers were at risk of fraud (among other things). This is particularly so given the increase in sophisticated fraud and scams in recent years, which banks are generally more familiar with than the average customer.
- Have acted to avoid causing foreseeable harm to customers, for example by maintaining adequate systems to detect and prevent scams and by ensuring all aspects of its products, including the contractual terms, enabled it to do so
- In some circumstances, irrespective of the payment channel used, have taken additional steps, or made additional checks, before processing a payment, or in some cases declined to make a payment altogether, to help protect customers from the possibility of financial harm from fraud.

I can see that when the payment was made, Starling sent an alert to G about the payment, saying that it was high risk – it said that G could either contact Starling, approve or reject the payment – or look at some further information about scams. But Mr K approved the transaction, albeit without realising that G was being scammed.

I don't think that Starling needed to do any more here – and I think that the alert from Starling was proportionate to the payment in question. G is a business – and the payment wasn't so far out of line compared to its genuine day-to-day spending (although it was higher than usual). From time to time, it's also expected that businesses will make higher than normal transactions.

I am aware that Mr K contacted Starling earlier in the day regarding suspicious activity on another account – but I don't think that this means that Starling needed to do any more than it did for this transaction on G's account.

I've also considered if there was anything more Starling could have done when Mr K contacted it soon after the payment was made – but I don't think that there was. The payment was made by card, to a ticket marketplace 'T' – so as soon as the payment was authorised, the funds had already left the account. And while I understand that G was duped into authorising the payment, T was a genuine merchant, that provided the service requested of it. So, although G didn't benefit from this, and Mr K was tricked into agreeing

the payment, there is nothing Starling could have done to get G's money back from T.

I am very sorry for the situation Mr K and G are now in – I understand that they were scammed, and that the loss is significant to them. However, ultimately, it is the scammer that has caused the loss – not Starling. And as I don't think that Starling did anything wrong, I won't be asking it to refund any money.

My final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask G to accept or reject my decision before 24 July 2025.

Claire Pugh
Ombudsman