DRN-5640110

The complaint

Mrs S complains that Starling Bank Limited (Starling) blocked and closed her account without explanation. Mrs S feels Starling were on a mission to find faults with her.

What happened

Mrs S held a current account with Starling. On 1 September 2025 Mrs S attempted to set up a new payee to her account through her mobile banking app but was unable to do so and an error message appeared. Mrs S contacted Starling the next day via its in-app chat service explaining that she was unable to transfer money from her account and was only seeing an error message.

Starling replied via the chat and explained that it would pass Mrs S's concerns to its investigation team to review. A few hours later Starling informed Mrs S that it had partially restricted access to her account, though allowing direct credits and faster payments out so Mrs S could access any salary that was credited to the account. Starling confirmed it had restricted access to an amount of £1021.45 and asked Mrs S for further details surrounding the payee she attempted to set up. Following this, up to 14 September, there were multiple communications between both parties with Starling asking for further details around the payee she attempted to set up and a third party from whom she'd received payments recently; and with Mrs S providing information and asking for the restriction to be lifted saying she had provided the evidence requested. Throughout this period Mrs S's account remained restricted whilst Starling completed a review.

After completing its review Starling wrote to Mrs S on 17 September 2024 explaining that it had decided to close her account with immediate effect. It also said it would send a cheque for the £1021.45 to Mrs S' registered postal address.

Unhappy with this decision, Mrs S referred her complaint to our service. One of our Investigator's looked into it, and they recommended it wasn't upheld. In summary, they said Starling was entitled to restrict and subsequently close the account in the way it did, and it was in line with the terms of the account.

Mrs S disagreed. She said Starling had no facts upon which to rely in order to close her account and that the error message she received when attempting to set up a new payee was a 'bug' in the app. Mrs S has said that a separate financial institution allowed her to make a payment to the payee she was unable to set up with Starling without any issues and so Starling's decision to close her account was used as a cover up for the app having a bug. Mrs S has explained she feels that because she questioned Starling regarding the restriction placed on the account Starling tried to find ways to close her account as form of revenge – and that this will have an impact on her credit file. Lastly Mrs S has said that the third party from whom she received payments, that Starling questioned her about, was not new account activity and that she had received payments from them for a considerable length of time previously.

To resolve her complaint, Mrs S would like Starling to re-open her account and pay a fine for their actions.

Mrs S asked for a final decision, so her complaint has now been passed to me for 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 have decided not to uphold this complaint. I'll explain why.

I will start by explaining that whilst Mrs S wishes for this service to fine Starling, that is not the role of our service. If we decide that an award of compensation is appropriate in the individual circumstances of a complaint, then our role is to make an award that recognises the impact a business's mistake had on the complainant; not to fine or punish the business.

Starling has strict legal and regulatory requirements it must meet whilst it provides accounts for its customers. They can broadly be summarised as a responsibility to protect persons from financial harm, and to prevent and detect financial crime. Starling also has a duty to monitor its customer accounts, and this sometimes means it may need to restrict access to these accounts while it carries out a review. The result of which might mean an account is closed.

Starling restricted Mrs S's account following her attempting to set up a new payee and then closed the account without notice on 17 September 2024 following its review. I'm satisfied it fairly considered the evidence Mrs S had provided to it during its review and it relied on its terms and conditions to take these actions. I've reviewed the terms and conditions for Mrs S's account and having also considered the circumstances of the account restriction and closure, I'm satisfied they allow Starling to do this.

Mrs S has said that she provided Starling with the evidence it requested regarding the third party she had received payments from; and that this was the same kind of evidence she had provided for an earlier similar incident in 2023, which was accepted at that time. It's clear from her testimony that Mrs S feels the fact Starling didn't remove the restriction after being given the same kind of evidence this time was unfair. Having thought about this, I don't find Starling acted unfairly here. By accepting any given evidence from Mrs S previously, Starling weren't obligating themselves to accept it indefinitely – even if the circumstances were similar. Mrs S has explained that she had received payments from this third party for almost a year before this incident and that it was not new account activity. However, I find that Starling were entitled to review what was happening on Mrs S's account and ask for further information regarding transactions at any time, which they did. This is irrespective of previous account usage and I don't find that this was, as Mrs S feels, Starling trying to find faults with her.

Starling has provided details of its decision-making process which explains why they closed Mrs S's account. I have decided to accept this information in confidence - which is a power afforded to me under DISP 3.5.9R(2) of the Dispute Resolution Rules. I find the information is commercially sensitive and should not be disclosed. A description of that information is that it relates to account activity and is of a nature which justifies Starling's decision to close Mrs S's account.

Mrs S has said that she feels Starling's decision to close her account was due to her questioning the bug she says she experienced when attempting to set up a new payee. And that Starling tried to find ways to close her account as a form of revenge. But, having considered the nature of the information that I have accepted in confidence as referenced above, and when considering Starling's wider regulatory responsibilities; I find it had a legitimate basis for closing Mrs S's account without notice and not telling Mrs S why. I don't find it acted as revenge due to Mrs S's questioning. So, I don't find Starling treated Mrs S unfairly by deciding to close her account. I will also add, another financial institution allowing Mrs S to make the payment she intended to make through Starling has no bearing on whether its decision to restrict and subsequently close Mrs S's account was justified.

As I'm satisfied that Starling haven't acted inappropriately in regards to the closure of the account, or the restriction placed on the account prior, I am not awarding any compensation for any distress or inconvenience this decision has caused, including for any potential impact to Mrs S's credit file, or asking Starling to re-open the account.

My final decision

For the reasons above, I have decided not to uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs S to accept or reject my decision before 2 October 2025.

Mark Louth
Ombudsman