

The complaint

Mrs A is unhappy that Starling Bank Limited (Starling) hasn't refunded all the payments she made after falling victim to a purchase scam.

What happened

In summary, Mrs A was looking to book flights and contacted what she believed was a legitimate travel company online. On 30 November 2024, she authorised 2 payments on her Starling card, totalling £1,032.29. She also made a payment from another bank, to meet the overall cost of the flights, this being £2,730.83. But it is the 2 payments for £525.06 and £508.23 that Mrs A made on her Starling card that are subject to this complaint.

Unfortunately, Mrs A had been talking to and paid a scammer who was impersonating a legitimate company. She found this out shortly afterwards as she was told by the scammer to expect e-tickets within 3 hours of paying for them, but they didn't arrive. When she checked with the legitimate travel company, she was told that the person they had been talking to on the phone didn't work for their company and they had no record of the flights being booked. Mrs A then received an email from the scammer to say the flights had been cancelled. She tried to contact them but could no longer get through. It was at this stage, on the same day she made the payments, that Mrs A thought she had been scammed.

Mrs A reported what had happened to Starling also on the same day. They said they would raise a dispute with the card provider through its chargeback scheme for the two payments. Starling then contacted Mrs A on 6 December 2024 to request further information. It then said on 19 December 2024 that it had raised the disputes with the card provider.

On 17 February 2025, Mrs A was informed by Starling that the two payments had gone to two separate merchants. One of the merchants hadn't disputed Mrs A's claim, and she was refunded one of the payments for £525.06. The remaining payment was disputed by the second merchant, who said it could see that it had provided a service for the payment and so was not willing to process a refund through the chargeback scheme.

Starling asked Mrs A if she wanted to appeal the decision made by the second merchant, and she did. She said she hadn't received any service and did not recognise the names of the individuals on the tickets that the merchant said Mrs A had paid for. On 24 March 2025, Mrs A was notified that the merchant had rejected her claim for the same reason: that it had provided the service that she had paid for. Starling said it had exhausted all options under the chargeback process and couldn't take the matter further.

Unhappy, Mrs A brought her concerns to our service to investigate. The investigator said he could not recommend Starling provide a refund for the remaining payment of £508.23. He wasn't persuaded either payment carried a heightened enough risk of financial harm for Starling to have been expected to intervene.

The investigator also concluded Starling did what it could to recover the money when it was aware of the fraud. He said it was only able to recover 1 of the payments, due to one of the merchants challenging the dispute. He didn't uphold Mrs A's complaint.

Mrs A was not happy with the investigator's outcome and asked that an ombudsman look at her complaint afresh. She made the following points:

- The scammer made her split the payments and this was why it wasn't for a high amount.
- She explained some of the payments that she had previously made, that were on her statements. She said most of the transactions were for normal bill payments.
- She said the bank should have known where the money was going and that it was going to a scammer.
- The bank should have frozen the payment or told her sooner to contact the merchant.
- She could see online the merchant's name had been mis-used before.

As the parties are still in dispute, Mrs A's complaint has been passed to me, an ombudsman, to decide.

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 outcome as our investigator for these reasons:

- The starting position in law is that Mrs A is responsible for the payments she authorised, and Starling had a duty to process those instructions.
- But, as supported by the terms of the account, that doesn't preclude Starling from making fraud checks before making a payment. And, considering regulatory expectations and good industry practice, I'm satisfied that it should fairly and reasonably do this in some circumstances.
- From 7 October 2024, Starling has been subject to the Payment System Regulator's mandatory reimbursement rules. That said, the rules apply only to bank transfer scams, not to debit or credit card payments, so they don't apply here. But as I've already concluded I still need to consider whether Starling has acted fairly, considering its obligations towards her, in detecting and preventing the scam.
- But, based on what I have said above, I have looked into what happened with these 2 payments to see if Starling did all it ought to do and whether it made any mistakes when this all happened. I've done this because I am satisfied that Mrs A was a victim of fraud here, it is clear to me she was in conversation with a scammer, and the 2 payments she made went into their hands.
- I've looked at what happened when Mrs A made the payments. Looking at Mrs A's account history, I'm not persuaded the 2 disputed payments appeared so uncharacteristic that Starling ought to have suspected she was falling victim to a scam. They weren't significant in value; and Mrs A had made similarly sized payments previously.
- Given the value of the payments and how they were broadly in keeping with Mrs A's spending, and were to recognised merchants, I don't think it's enough to say the payments looked significantly uncharacteristic or risky on this occasion. I acknowledge the comments Mrs A provided about this and some of the higher

amounts she spent on her account leading up to the scam. But these comments don't change my conclusion about what Starling would have had in front of them at the time she made the two payments.

- It follows that I don't consider it unreasonable that Starling processed the payments in line with the instructions without completing further scam checks on this occasion. After all it must balance protecting Mrs A from fraud with its corresponding duty to make the payments she tells it to in a timely manner.
- I can see Starling raised a chargeback claim shortly after Mrs A reported the matter and requested further information from her before submitting this to the scheme operator.
- I have looked into what happened when Mrs A's chargeback claim was submitted by Starling and the outcome. I can see she received one of the two payments back as a refund. This may have been because one of the merchants didn't dispute the payment in time or was unable to adequately find the information to show that a service had been provided.
- As for the second payment, I agree with what's been said so far, and that is that the merchants in question have provided the services that they set out to provide. I understand why Mrs A would feel that this isn't the case, after all she didn't receive what she felt she was paying for. But the payments were made to merchants that ran a booking platform, who processed and created a booking, so it fulfilled its service and part of the agreement.
- The problem arose because a third party, the scammer, misused that platform and found a way to manipulate it, to take Mrs A's money. It did this, most likely by selling legitimate flights paid for by Mrs A to another party, who also gave the scammer money for the flights too.
- This unfortunately means under the card scheme rules that the merchant has disputed the claim because it provided a service that was used by someone else. Under the scheme rules, the bank can recover money where the merchant or supplier failed to deliver its own service, but in this instance that wasn't the case. So, this is why Mrs A's claim was unsuccessful.
- I have gone carefully through the different stages of Mrs A's chargeback claims and considered whether Starling ought to have done more than it did, but I am satisfied on this occasion that it did exhaust the process on her behalf. It did make an appeal, but this was also declined for the same reason.
- Finally, I have considered the further information Mrs A provided for our service, including the call records, reports and her view that Starling should have told her sooner that it couldn't freeze the payments she made. I appreciate she feels that might have allowed her to stop the flights from being used. However, because Mrs A reported the scam after the payments had been authorised and settled, there was no opportunity for Starling to stop or recall them.
- Starling instead lodged a dispute through the card provider's chargeback scheme, which I don't think was unreasonable in the circumstances here. I don't think an earlier update about the merchants or any information about this would have altered the outcome for Mrs A.

- In conclusion, I don't think Starling ought to have intervened when Mrs A authorised the two payments on this occasion, based on my findings above. I also think Starling were not unreasonable in the actions it took when Mrs A contacted them to report the scam, and it exhausted this process on her behalf. It follows that I don't think it did anything wrong on this occasion, and so I don't uphold Mrs A's complaint.

I do appreciate how disappointing my decision will be for Mrs A. I'm sorry this happened to her, and that she wasn't able to get one of the payments refunded. I can see clearly, she has been the victim of a cruel impersonation scam. But for the reasons I've explained I don't think her losses for the remaining payment that has not been returned can be attributed to something Starling did wrong. So, I don't uphold her complaint.

My final decision

For the reasons I've explained, my final decision is that I do not uphold Mrs A complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs A to accept or reject my decision before 10 December 2025.

Mark Richardson
Ombudsman