

The complaint

Ms B complains that Starling Bank Limited trading as Starling Bank ('Starling') registered a Cifas marker against them, without due cause. Whilst Starling have now removed the Cifas marker and offered to pay £200 in recognition of the distress and inconvenience caused, Ms B remains dissatisfied.

What happened

I wrote to both parties to this dispute in May 2025 with my initial thoughts on this complaint. I explained that I was minded to reach the same outcome as our investigator, for broadly the same reasons. But because I went into more detail in my reasoning, I thought it fair to allow both parties the chance to provide any further comments or evidence prior to reaching a final decision on this matter. The following is an extract from my provisional decision.

"In December 2024 Starling received a report from another bank that £334 which Ms B received into their Starling account the previous month was sent as part of an authorised push payment scam. Starling tried to contact Ms B on three occasions in writing to ask them about the money which had come into their account. It then called Ms B but the person who answered was unable to pass the security checks, and so Starling asked if Ms B could call it back, but Ms B advised Starling that they did not have time. Ms B then sent a message to Starling on the same day which said of the payment they had received: "selling crypto". Starling wrote to Ms B the following day, requesting supporting evidence. It said it did not receive any response and so took the decision to review Ms B's account, then closed their account and referred them to Cifas to register a marker for misuse of facility.

Ms B found out about the Cifas marker in January 2025 when their application for funding relating to their career was declined due to the marker, and they complained to Starling. They explained that they received the £334 after selling cryptocurrency through a peer-to-peer sales platform. They had sent the money on to a relative the following day to repay a personal debt. In February 2025 they explained to Starling that they had not been able to get back to it previously as they have a long-term illness and disability which made it difficult for them to respond quickly, but said they would fully cooperate with Starling. They then provided Starling with the supporting evidence which included their chats from the cryptocurrency platform, which they said proved the legitimacy of the sale.

Starling reviewed the evidence Ms B provided and declined to remove the Cifas marker. It said that there were differences between the names of the cryptocurrency buyer and the sender's bank details. Ms B explained that they received the money and released the cryptocurrency. They said that the platform was a legitimate platform and so they trusted it to conduct its own checks on its customers, including the buyer. They provided the

confirmation statement for the sale of the cryptocurrency from the platform. The cryptocurrency platform also stated that the transaction was completed in accordance with its policies and procedures, and that based on its records and the information provided there was no indication of fraudulent activity on Ms B's part. It said, "any issues arising from this transaction are not due to any fraudulent actions by the seller". Starling issued its final response to Ms B's complaint and still declined to remove the Cifas marker. So, Ms B

escalated their concerns to our service.

After we got in touch to let Starling know we were in receipt of Ms B's complaint, Starling reviewed Ms B's complaint afresh in early March 2025. It took the decision to remove the Cifas marker, and offered Ms B £200 in recognition of the distress and inconvenience it had caused them. Our investigator reviewed this offer and thought that it was fair and reasonable in the circumstances of the complaint.

Ms B remained dissatisfied. In summary, they said that it did not cover the time, energy, distress and loss of opportunity that the situation caused. They explained that because of the Cifas marker:

- They were rejected for professional funding which they had already prepared a long and rigorous grant application for, involving several communities, artists and organisations.*
- They could not apply for any other public funding for their work during this period.*

Ms B explained that as a disabled, nonbinary member of the Black, Indigenous and People of Colour ('BIPOC') community, professional opportunities in their field were already very scarce for them, and so the Cifas marker had a huge impact on their physical and mental health during this period.

As no agreement could be reached, the case has been passed to me to decide.

What I've provisionally 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 am currently minded to reach the same conclusion as our investigator, and broadly for the same reasons. However, as I have explained further reasoning that our investigator did not, and I want to give both parties an opportunity to respond to the new arguments, I am issuing this as a provisional decision. I will review any new information or evidence provided by either party before I reach my final decision on this matter.

Whilst Starling have now removed the loading against Ms B, I need to think about whether it acted fairly and reasonably in loading the marker at the time it did, based on the information it had at the time.

The type of marker that Starling asked Cifas to apply here is for 'misuse of facility' – relating to the account being used to receive and send on fraudulent funds. In order to file such a marker, Starling are not required to prove beyond reasonable doubt that Ms B is guilty of a fraud or financial crime, but it must show that there are grounds for more than mere suspicion or concern that such an offence took place. Cifas guidance said:

- "There must be reasonable grounds to believe that an identified fraud or financial crime has been committed or attempted; [and]*
- The evidence must be clear, relevant and rigorous."*

So, the relevant findings for me to make are whether I believe there was sufficient evidence for Starling to conclude that on balance, the money sent to Ms B was as the result of a fraud, and that they were deliberately dishonest in relation to this, such that Starling fairly and reasonably escalated its concerns to Cifas. Even though Starling have now decided to

remove the Cifas marker, I do think that it was entitled to load it based on the information it had at the time of the loading, I will explain why.

I will start by saying I do not dispute that Ms B received the funds as the result of what was, as far as they were concerned, a legitimate transaction. Scammers are known to move money between accounts and into cryptocurrency to make it harder to trace – and the evidence suggests that the scammer here tricked Ms B into being used in this process. But I have reached this conclusion with the evidence available to me now, and the first matter for me to decide is whether Starling acted fairly and reasonably in loading the Cifas marker based on the evidence available to it at the time. I do think it was entitled to load the marker at the time, I will explain why.

I do not think that Starling acted unreasonably in concluding that Ms B may have been complicit in receiving fraudulent funds. Starling had received a fraud report from the bank that sent the money, and so Starling followed Cifas's own guidance on cases of potential money mules. This guidance lays out that when a member, in this case Starling, are in receipt of evidence that suggests its customer's account may have been used to receive fraudulent funds, it is to attempt contact with them. If it is not successful, it is to attempt in more than one method of communication, and on more than one occasion. Starling followed this guidance in this case. The only information it received from Ms B was that they were busy and that they were 'selling crypto'. Neither of these responses gave any evidence to support that Ms B was an unwitting recipient of fraudulent funds, or that they had received the funds as part of a legitimate cryptocurrency sale. I think it is understandable that Starling thought the fact the funds came into their account and were moved onto another account could look similar to account activity one might see in an account that was wittingly being used to receive fraudulent funds. So, I think it is reasonable that Starling concluded it had enough evidence to load the Cifas marker against Ms B.

I do appreciate that Ms B provided the relevant evidence in due course, and I will go on to consider the decision to maintain the marker. But in the first instance, Ms B was given the opportunity to let Starling know that they received the funds as part of a legitimate cryptocurrency sale which they could provide supporting evidence for. Ms B has explained that their long-term illness and disability make it hard for them to respond quickly, but they could have told Starling this, or simply that they had this evidence but would need more time to provide it. But without any of this, Starling did not have much evidence to go on to determine that Ms B was not complicit in the fraud that occurred, and so it did not act unreasonably when loading the Cifas marker.

The next thing for me to consider is whether Starling acted reasonably in maintaining the marker as new evidence became available to it. Ms B first got in touch at the end of January 2025 when they discovered the Cifas marker had been loaded against them. Ms B stayed in communication with Starling during February 2025. They provided Starling with evidence from the cryptocurrency selling platform during this time. Starling have now accepted that this evidence is sufficient to warrant the removal of the Cifas marker, and offer money in recognition of the distress and inconvenience caused to Ms B.

But when Starling first reviewed the evidence Ms B provided, it did not think there was enough to warrant the rescinding of the referral to Cifas. This was because they noted that the name of the person who was buying cryptocurrency from Ms B's evidence did not match the name of the person who sent the funds on to them. I do think this is evidence that supports that the funds which were sent to Ms B were sent as a result of a fraud. However, I

think it was wrong to conclude that this meant Ms B was complicit in any fraud. I say this because it was reasonable that Ms B, a layperson, would expect the legitimate business that provide the cryptocurrency selling platform, would be the ones expected to do the relevant

due diligence on its customers. From Ms B's perspective, someone asked to buy the cryptocurrency they were selling, they shared their bank details, they received the agreed upon amount in GBP, and so they released the cryptocurrency. Ms B had no control over who sent the money to her, and may not have even noticed the difference in names before Starling pointed this out to her. Ms B did show that they had released the cryptocurrency, the peer-to-peer chats with the person they released them to, and an email from the platform which said they had not been involved in any fraud. I think this ought to have been enough for Starling to consider that it no longer had sufficient evidence to maintain the Cifas loading by the point it wrote its final response letter to Ms B – that was dated 21 February 2025.

The case was re-reviewed by Starling on March 7 and the Cifas marker was referred for removal. It does not appear Ms B was aware of this until they contacted Cifas around the time they referred the matter to our service. Ms B wrote to us on 24 March to let us know that Cifas had told them it had been removed, and to ask us to check if this was true. Starling let our service know on 27 March 2025 about the review, removal and that it wanted to offer Ms B £200 in recognition of the distress and inconvenience caused by its errors.

So, the remaining matter for me to consider is whether £200 represents a fair and reasonable offer to compensate Ms B for the distress and inconvenience Starling's error caused them.

I've read Ms B's detailed submissions about the impact the Cifas marker had on them. I was sorry to read about the impact this whole situation has had on them, and hope that matters have improved now that the marker has been removed. Ms B explained, in summary:

- Their application for funding was declined because of the marker, this was how they found out about the marker.
- They explained that their professional work relies on grants and funding and so the marker jeopardized their professional projects and undermined their credibility.
- The Cifas loading caused them significant levels of stress and impacted their health, their sleep, and their skin which broke out due to the impact of stress on their autoimmune disease.
- Ms B explained that they employ a support worker at the rate of £350 per day for approximately two days of work specifically to address this situation. This meant that they could not use the support worker for this time for their normal purposes of writing applications and preparing documents.
- Ms B said that they had lost income and potential funding for projects, and had spent so much time fighting this that they had their capacity to work on grant applications, projects and their day to day life were significantly disrupted.

As outlined above, it took Starling two weeks to realise its error and contact Cifas to ask for the marker to be removed. But Ms B did not know it had done this so thought the marker remained until Cifas told them of its removal on 24 March. So, whilst the impact of its error lasted two weeks in practical terms, because it did not tell Ms B this had happened, I think it is fair to conclude that the distress it caused them was prolonged until Cifas told them of the removal. The reason I am explaining this is that as I have found the initial loading was reasonable, I can only consider Starling's fair liability for Ms B's distress and inconvenience

from the time it made the error of declining to remove the marker after Ms B provided them with their evidence. I also have to consider that the chain of events that caused the distress and inconvenience were ultimately caused by the person who tricked them into parting with

cryptocurrency in exchange for fraudulent funds – so whilst Starling were culpable here, it was not the only party responsible for what happened to Ms B.

I do not say any of this to negate the very real and difficult consequences of Starling's error – it ought to have removed the Cifas marker when Ms B got in touch with their evidence. But this does mean I have had to try to compartmentalise the impact of the marker before this error, which includes the declined application and initial impact of discovering the Cifas marker had been loaded against them. I do think its error in declining to remove the marker for a further two weeks, and not telling Ms B, would have clearly had a detrimental impact on them. Ms B's testimony makes clear that their personal disabilities would have made this impact worse, with stress exacerbating their autoimmune disease. And I can see that having one application for funding was declined on the basis of the Cifas marker would mean Ms B would not want to risk applying for any more. I cannot ask Starling to pay compensation for not being granted funding which Ms B did not apply for, as there is not enough evidence to support that grants would have been awarded. But I can say that feeling that they were unable to apply for vital funding would have caused significant distress over the weeks between Starling's error and it putting things right. But on the current evidence available to me, considering all of this, I am minded to say that I think Starling's offer of £200 was fair and reasonable in the circumstances of this complaint. If Ms B has any further evidence of the distress and inconvenience this matter caused her during this period, she should share it with our service.

I haven't ruled out that Ms B has suffered direct financial loss in having to pay a support worker to assist them with bringing this complaint. They have explained that this is due to their disabilities, but have not explained in any further detail. So, at the moment I do not have enough evidence to support asking Starling to pay any losses for this. If Ms B can provide evidence in support of this, such as why they needed a support worker to bring this complaint, how it took around two days, and evidence of payment to them, then I am happy to reconsider this.

Ms B has also said that the marker in exchange for a £334 payment is punitive. For completeness – Starling do not have a say in how long the marker remains. It is obligated to refer relevant matters to Cifas, and there is a set amount of time a marker stays in place (unless it is found to have been loaded incorrectly).

My provisional decision

If nothing changes, I will not be asking Starling to do anything more."

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.

After I issued my provisional decision, I did not hear anything further from either party to the dispute. So, for the reasons I outlined in my provisional decision, I am not asking Starling to do anything further.

My final decision

Having removed the Cifas marker and paid £200, Starling Bank Limited trading as Staring Bank need do nothing further.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms B to accept or reject my decision before 5 August 2025.

Katherine Jones
Ombudsman