

The complaint

Mr H is unhappy Starling Bank Limited ('Starling') won't reimburse him the money he lost when he fell victim to what he believes was an authorised push payment ('APP') scam.

What happened

The details and facts of this complaint are well-known to both parties, so I don't need to repeat them at length here.

In summary, in the early hours of 23 May 2025, Mr H says he was heavily intoxicated and three faster payments were made from his Starling account to two women that Mr H says had approached him outside a nightclub.

Mr H couldn't recall exactly what had happened and believing he had been taken advantage of and scammed, he reported the matter to Starling on 25 May 2025. Starling ultimately declined reimbursing him. Unhappy with Starling's response, Mr H referred the matter to our service. Our Investigator looked into the complaint and didn't recommend the complaint be upheld.

Mr H disagreed, advising that he was in a severely impaired and vulnerable state and didn't have the capacity to give informed and genuine consent to the payments. Mr H considered he should be reimbursed under the Faster Payment Scheme – Reimbursement Rules ('Reimbursement Rules').

As the matter hasn't been resolved, it's been passed to me 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.

I'm aware that I've summarised this complaint briefly, in less detail than has been provided, and in my own words. No discourtesy is intended by this. Instead, I've focussed on what I think is the heart of the matter here. If there's something I've not mentioned, it isn't because I've ignored it. I haven't. I'm satisfied I don't need to comment on every individual point or argument to be able to reach what I think is the right outcome. Our rules allow me to do this. This simply reflects the informal nature of our service as a free alternative to the courts.

I'm sorry to hear of what happened to Mr H. But having reviewed the circumstances, I'm not upholding Mr H's complaint. I know this will come as a disappointment to him, so I'll explain my reasons why.

In deciding what's fair and reasonable in all the circumstances of a complaint, I'm required to take into account relevant: law and regulations; regulators' rules, guidance and standards; codes of practice; and, where appropriate, what I consider to have been good industry practice at the time.

The relevant rules and regulations

In broad terms, the starting position at law is that a bank is expected to process payments and withdrawals that a customer authorises it to make, in accordance with the terms and conditions of the customer's account. This is set out within the 'Payment Service Regulations 2017' ('PSRs') and these are the relevant regulations in place here.

Under 'Section 67' of the PSRs it states:

"67.— (1) A payment transaction is to be regarded as having been authorised by the payer for the purposes of this Part only if the payer has given its consent to—

(a) the execution of the payment transaction; or

(b) the execution of a series of payment transactions of which that payment transaction forms part.

(2) Such consent—

(a) may be given before or, if agreed between the payer and its payment service provider, after the execution of the payment transaction;

(b) must be given in the form, and in accordance with the procedure, agreed between the payer and its payment service provider; and

(c) may be given via the payee or a payment initiation service provider."

The question I have to ask myself here is whether the disputed transactions were authorised as set out by the PSRs. So, whether Mr H consented to the execution of the payment transactions. Consent, in this context, is explained within the PSRs as being given in the form and in accordance with procedure agreed between the payer (Mr H) and the payment service provider (Starling). Consent is typically given by a customer, for example, utilising their mobile banking app, providing the relevant card details over the phone or entering them online, or by other means such as contactless or entering a PIN on a terminal or ATM. A customer, using and accessing their mobile banking app or using their card or its details in this way is, for the purposes of the PSRs, a customer authorising a payment transaction. They have consented to the execution of the payment transaction.

It is important to point out that consenting to the execution of a payment transaction is an objective test and it doesn't depend on what Mr H knew at the time he completed the procedure for giving consent.

There were three faster payments made here.

Payment	Date and time	Payee	Amount
1	23 May 2025 04:12am	Payee 1	£800
2	23 May 2025 05:43am	Payee 2	£100
3	23 May 2025 05:45am	Payee 1	£600

The payments were made using Mr H's mobile banking application. And it appears that prior to making the faster payments from his Starling account, money was transferred in from another of Mr H's bank accounts held at another provider which I'll call 'R'.

Of course, I don't know what happened and Mr H, due to being heavily intoxicated, doesn't have the best recollection either. But on balance, I think it unlikely that payee's 1 and 2 obtained Mr H's mobile phone and managed to gain access to both his account at R and his account at Starling to make the payments. I am mindful that if it were fraudsters, it is likely that they would have transferred the funds straight out of Mr H's account with R, rather than sending it to his Starling account to then move the funds on again. And I also think it's likely that fraudsters would have sought to clear both of Mr H's accounts rapidly, whereas there is an hour and a half time difference between payment 1 and payments 2 and 3.

Overall, and on balance, given that funds were likely transferred from Mr H's account with R to Starling and the time difference between payment 1 and payments 2 and 3, I think it is more likely than not that Mr H authorised the payments in dispute. And under the PSRs he is therefore responsible for them in the first instance.

The Faster Payment Scheme – Reimbursement Rules ('Reimbursement Rules')

I appreciate Mr H considers what happened to him was a scam and therefore the faster payments made should be reimbursed under the Reimbursement Rules.

The Reimbursement Rules, which came into force on 7 October 2024 and apply to all UK-based payment service providers, put a requirement on firms to reimburse APP scam payments made via the Faster Payments Scheme. However, the Reimbursement Rules don't apply to all faster payments. The rules have limits on what payments will be covered, and those limits are set out in the wording of the Reimbursement Rules.

The rules state:

"...It must have been made as part of an APP scam (whether to a recipient or for a purpose other than the payer intended);"

An APP scam is defined as:

"...Where a person uses a fraudulent or dishonest act or course of conduct to manipulate, deceive or persuade a Consumer into transferring funds from the Consumer's Relevant account to a Relevant account not controlled by the Consumer, where:

- The recipient is not who the Consumer intended to pay, or*
- The payment is not for the purpose the Consumer intended."*

So, of relevance here is whether what happened to Mr H can be considered an APP scam in line with the Reimbursement Rules' definition. Here, the payees that were set up and paid, received a confirmation of payee match. So, in the absence of any other evidence to the contrary, I can only assume that the recipients were who Mr H seemingly intended to pay.

Mr H cannot remember the reason for making the payments. So, it can't reasonably be established that the payments *weren't* for the purposes he intended at the time. Mr H says he was taken advantage of, and I accept that maybe he was. But that doesn't mean Starling would automatically be liable to reimburse him. The definition of an APP scam under the Reimbursement Rules would still need to be met. And, as Mr H can't recall why he made the payments, I can't reasonably determine that the payments weren't for the purpose he intended.

Overall, I can't fairly and reasonably say the Reimbursement Rules are an applicable consideration here.

Could Starling have done more to prevent Mr H's loss?

There are times when I might expect a bank to question a transaction or payment, even though it may have been properly authorised. Broadly speaking, firms like Starling should be on the lookout for unusual or out of character transactions to protect customers from the possibility of financial harm from fraud.

In this case, I need to decide whether Starling acted fairly and reasonably in its dealings with Mr H when he made the payments or whether it should have done more than it did.

I've thought about this carefully. From what I've seen, there isn't anything so unusual or remarkable about the payments or the amounts that ought to have alerted Starling to the possibility Mr H was being scammed. In this case, I don't think Starling acted unreasonably in not flagging the payments for any further additional checks and I don't think it needed to go further such as speaking with Mr H about the payments.

As Starling didn't consider this as an APP scam, then it didn't need to go on to seek the potential recovery of any funds from the beneficiary banks.

I'm sympathetic to the position Mr H finds himself in and I am sorry to have to deliver this news to him. But, for the reasons I have explained, I cannot fairly say that Starling should be held responsible for refunding him the money he paid.

My final decision

For the reasons given above, 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 20 March 2026.

Matthew Horner
Ombudsman