

The complaint

Miss I complains Starling Bank Limited recorded a marker against her at Cifas, a national fraud database and closed her account. She doesn't think it's treated her fairly.

What happened

A summary of what happened is below.

Miss I had an account with Starling. In November 2024, it received two large payments from a third-party, through bank transfers, and the funds were withdrawn. However, both payments were later reported as fraudulent, because the bank from which they had come, reported their customer had been the victim of a scam.

Starling restricted the account and requested information to support why Miss I had received the payments. She said the funds were from a family friend's account to settle her school fees. Starling asked for some supporting information and Miss I said the WhatsApp messages of the conversations weren't available because the app had been reset following issues with her phone.

Starling reviewed the information alongside the fraud report and decided to file a misuse of facility marker at Cifas, as it believed Miss I had been complicit in receiving fraudulent funds. It also closed the account, sending her a notification.

Miss I later found out about the marker and complained that she'd not done anything to cause this. She said, her friend was having trouble with his account and had asked if he could use her account to receive funds and she'd naively agreed to help.

Starling considered the information but didn't think it had made a mistake. Dissatisfied, she came to us. In doing so, she said what had happened:

- Her friend had told her that the payments were for his school fees, and she'd sent them to him as he'd instructed. She hadn't arranged the payment in.
- When she'd initially replied to the bank, her response had been auto corrected, and it was all done quickly. This explained why there were different accounts.
- She'd trusted her friend and had no reason not to, until later, when she realised, she'd been used.
- She said the marker was having a detrimental effect on her life and making her ill.
- She felt Starling hadn't dealt with her complaint properly, disregarding information she'd given.
- She had some messages between her and her friend which should be considered.

One of our investigators looked at the case. She acknowledged what Miss I had said and provided but she didn't find it plausible that her responses would have been auto corrected or that she'd no longer have messages about what the payments were for, to support her account of events. Overall, she thought this, and the account activity supported Miss I had been involved in receiving and benefiting from fraudulent funds and therefore the banks actions weren't unreasonable.

Miss I maintained she hadn't been involved in fraud, and she believed aspects of her case had been misrepresented. She submitted Starling hadn't met the test for filing the marker. When the investigator didn't change her mind, the case was put forward for a decision in line with the second and final stage of our process.

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.

This also includes the information provided after the investigator's opinion letter.

The marker that Starling has filed is intended to record that there's been a 'misuse of facility' – relating to using the account to receive fraudulent funds. To file such a marker, it's not required to prove beyond reasonable doubt that Miss I is guilty of a fraud or financial crime, but it must show that there are grounds for more than mere suspicion or concern. The relevant guidance says, 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.

What this means in practice is that a bank must first be able to show that fraudulent funds have entered Miss I's account, whether they are retained or pass through the account. Secondly, the bank will need to have strong evidence to show that Miss I was deliberately dishonest in receiving the fraudulent payments and knew they were, or might be illegitimate payments. This can include allowing someone else to use their account to receive an illegitimate payment. But a marker should not be registered against someone who was unwitting; there should be enough evidence to show complicity.

To meet the standard of proof required to register a fraud marker; the bank must carry out checks of sufficient depth and retain records of these. This should include giving the account holder the opportunity to explain the activity on their account to understand their level of knowledge and intention.

So, I need to decide whether I think Starling had enough evidence to show fraudulent funds entered Miss I's account and she was complicit. And I'm satisfied that it had. I'll explain why by addressing what I consider are the key points.

Starling has provided evidence that it received a report, saying that funds which entered the account was because of a fraud/scam. Looking at what was reported, I'm satisfied the bank was alerted to a possible scam and needed to make enquiries to meet its regulatory obligations to investigate such matters.

Miss I was made aware of the payments Starling was querying and she responded to say these were from a friend to settle her ("my") school fees. When she responded again, she said, *"I had asked a friend of mine in Germany to help with my school fees because I was in need"*.

I've thought about what she has said about her response being auto corrected but I think it's unlikely that this could have happened twice. She said she responded quickly but these are a clear account and very precise. When she complained, Miss I said the fees were for her friend's schooling. But, if Miss I had meant to say something else, I'd have expected her to have rectified the alleged mistake at the time. But she didn't. Thinking about this, this shows Miss I knew more about the activity than she was willing to say and particularly noting some of the other evidence.

When Miss I complained, she told Starling that she'd agreed to help a friend who was having trouble with his account. But this specific arrangement isn't supported by direct evidence. She says that she no longer has some messages of discussions after her WhatsApp was reset but that's only an explanation, which isn't compelling when the account activity shows Miss I sent her friend funds the same day. So, clearly there weren't any issues with the account, and this would have been immediately apparent. I've looked at the messages Miss I has been able to provide, but all things considered; I understand Starling's position in filing the marker and I'm satisfied the evidence is clear and rigorous when looked at it in its entirety.

Ultimately, I must decide the case based on the evidence and the weight of it. Whilst I'm sorry to hear this has been stressful for Miss I and she may not have fully comprehended the consequences for her in terms of the marker, I'm also satisfied Starling had enough information to support its actions, with the report it received, the account activity and the responses it got back, which is enough to show complicity. Therefore, I don't think it was unreasonable of the bank to have recorded the marker or close the account (there's provision for that within the account agreement). It follows that I won't be requiring Starling to do more, and my decision completes our review of the complaint.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss I to accept or reject my decision before 17 September 2025.

Sarita Taylor
Ombudsman