

The complaint

Mr F complains about Starling Bank Limited.

He says that Starling didn't do enough to protect him when he fell victim to a scam and would like it to refund him the money he has lost.

What happened

Mr F was contacted by an individual claiming to represent a company I will refer to as 'G' offering an investment opportunity.

He did some research online, and found that there was a genuine company, G, based registered in Jersey. He also found the website looked genuine too.

Mr F was granted access to a training account to show how things worked prior to making payments as shown in the table below and was given access to a 'live' investment platform.

Date	Transaction type	Amount
30 April 2021	Faster payment	£1,000
5 May 2021	Faster payment	£4,000
25 May 2021	Faster payment	£5,263.26
21 June 2021	Faster payment	£5,500 (declined)
	Total loss	£10,263.26

However, Mr F realised he had been scammed when he was told that he would need to pay fees and taxes to make a withdrawal. The scammer then cut contact and Mr F was no longer able to access the platform.

He made a complaint about what had happened to Starling about what had happened, but it didn't uphold the complaint, so Mr F brought it to this Service.

Our Investigator looked into things under the Lending Standards Board's Contingent Reimbursement Model ("CRM") Code. Having done so they thought that Mr F's complaint should be upheld in full.

Starling didn't agree, so the complaint has been passed to me.

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.

Mr F authorised the payments in dispute here. Because of this the starting position – in line with the Payment Services Regulations 2017 – is that she's liable for the transaction. But Mr F says that he has been the victim of an authorised push payment (APP) scam.

Starling is a signatory of the Lending Standards Board Contingent Reimbursement Model Code (the CRM code) which requires firms to reimburse customers who have been the victims of Authorised Push Payment (APP) scams like the one Mr F fell victim to, in all but a limited number of circumstances.

A customer who has fallen victim to a scam should, under the CRM Code, be refunded in full in most circumstances. But the Code does set out exceptions to reimbursement which a business can choose to rely on, if it can evidence that they apply.

Starling has chosen to rely on two exceptions to reimbursement to the code which I have set out below.

- *Mr F ignored an 'effective warning'*
- *Where in all the circumstances, the customer made the payment without a reasonable basis for believing that: the payee was the person the customer was expecting to pay, the payment was for genuine goods or services, and/or that the person or business with whom they transacted with was legitimate.*

Did Mr F ignore an effective warning?

Starling has said that Mr F ignored an effective warning because when he first set up the payments it provided him with the following;

"Could this payee be part of a scam? Always verify who you are sending money to as you may not be able to recover those funds. A fraudster may tell you to ignore these warnings. Call us on 159 (or 0207 930 4450) or visit our website for scam advice".

It provided no other warnings about any of the payments.

Under the CRM Code, Starling can only rely on this exception to reimbursement if it can show that the warning it provided Mr F would have been impactful in Mr F's circumstances. And I don't agree that it is.

While it asks if they payment could be part of a scam, it doesn't go any further in explaining what kind of scam it could be – it gives no information about scams or education about what to look out for, and really only asks that Mr F verify who he was sending money to, and also doesn't tell him how to do this.

So, I am not satisfied that Starling can fairly rely on this exception to the code.

Did Mr F make his payments without a reasonable basis for belief?

Starling has suggested that Mr F didn't have a reasonable basis for belief as he didn't seek the advice of a financial advisor, he was introduced to the investment via a cold call and didn't check the Financial Conduct Authority (FCA) register before going ahead.

But I can't agree. It isn't compulsory to consult a financial advisor before making a payment, and many people choose to make their own financial decisions. Also, we know that G was impersonating a real firm, registered in Jersey – and so would not be on the FCA register, but the Jersey equivalent, which now displays a warning about the real company being impersonated which was not there when Mr F made his payments.

In this instance, I don't think that Mr F acted unreasonably. While he did receive a phone call he wasn't expecting, he took steps to check out who he thought he was speaking to, so I

don't think that he would have had doubts at the time.

Mr F was also provided with professional looking paperwork and brochures, as well as assigning legitimate looking contracts and terms and conditions. The communication between Mr F and the scammer was also professional with no concerning signs, and he made an application for a trading account (which was 'approved') which seemed to be legitimate at the time.

So, I don't agree that Mr G didn't have a reasonable basis for belief, and therefore Starling cannot rely on this exclusion to reimbursement.

Starling's final submissions

After our Investigator sent their view, Starling came back to this Service with some objections, and although our Investigator tried to mediate, it still asked for a final decision.

One of these objections suggested that it would be prepared to refund Mr F from payment three, which is when our Investigator thought it should have given Mr F an effective warning. For completeness I agree that this would be the point at which I would expect Starling to have provided Mr F with an effective warning as the first two payments weren't overly large in value or otherwise suspicious.

But this appears to be a misunderstanding of the CRM Code. *All* of Mr F's payments are covered by the CRM code – and the only way Starling would be able to rely on an exception to refunding Mr F for payments one and two is if it could show that he didn't have a reasonable basis for belief. And as I have explained above, I think that he did.

It follows that no exceptions to the CRM Code apply, and therefore Mr F is entitled to a full refund from Starling for the money he has lost to the scam.

Putting things right

- Starling Bank Limited should refund Mr F in full
- It should pay 8% simple interest (less tax) on payments one and two from the date it declined Mr F's claim under the CRM Code
- It should pay 8% simple interest (less tax) on payment three from the date of the payment until the date of settlement.

My final decision

I uphold this complaint. Starling Bank Limited should put things right as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F to accept or reject my decision before 4 December 2025.

Claire Pugh
Ombudsman