

The complaint

Mr D is unhappy that Starling Bank Limited will not reimburse him after he was the victim of a scam. He is also unhappy with the service he received when he reported the scam.

What happened

Mr D and his family wanted to purchase flight tickets for a specific event abroad.

It appears from the evidence that Mr D's father had been communicating with an individual I will call 'G', who claimed to work for a travel agency. Mr D's father had agreed with G to buy flights abroad for at least five people for £4,000.

Mr D submitted evidence that his father paid the first £1,500 to G in February 2024. Mr D then made payments of £1,000 in April 2024 and June 2024 from his own account. Mr D's family never received the tickets. Mr D says that others in his community had experienced the same issues and were discussing it on social media. Mr D reported the matter as a scam to Starling Bank.

Starling Bank declined to reimburse Mr D under the relevant rules as it said it had provided effective warnings and Mr D hadn't done enough to check that the payment was legitimate. However it did agree to pay £80 compensation for unnecessarily cancelling his card and £50 for an erroneous message it had given him saying it had refunded him.

Our Investigator considered everything. She upheld the complaint as she thought Starling Bank hadn't shown that it had a valid reason to decline reimbursement.

Starling Bank didn't agree with the view and requested a final decision.

The matter has now come 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 may not comment on every argument raised but have focused on what I believe are the key issues to get to the heart of the matter.

In broad terms, the starting position at law is that a firm is expected to process payments and withdrawals that a customer authorises, in accordance with the Payment Services Regulations and the terms and conditions of the customer's account. However, that isn't the end of the story.

At the time the payment was made, Starling Bank had agreed to follow the Lending Standards Board's Contingent Reimbursement Model Code ('the CRM Code'). This Code required firms to reimburse customers who were the victim of authorised push payment ('APP') scams, in all but a limited number of circumstances.

Under the CRM Code, a firm may choose not to reimburse a customer if it can establish that:

- The customer ignored an effective warning in relation to the payment being made; or
- In all the circumstances at the time of the payment, in particular the characteristics of

the customer and the complexity and sophistication of the APP scam, 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
- the person or business with whom they transacted was legitimate

I have considered below whether it was fair for Starling Bank to decline reimbursement for the reasons given in the CRM Code.

Did Mr D ignore an effective warning?

Starling Bank said that Mr D's payment initiated its Payment Review Model ('PRM'), a warnings system which asks the customer a series of questions about their payment to provide a more targeted scam warning.

Mr D answered several questions and received the warning:

“##Take a moment to think A Bank or any other organisation will never tell you to move money to a new 'safe' bank account.

Fraudsters can make phone calls appear to come from a different number.

If you transfer money to a fraudster, you might not get it back.

If you're not sure the payment is genuine, stop and call us on (159)tel:159.”

Starling Bank said it also provided another fraud warning when Mr D added a new payee:

“Could this be part of a scam? Always verify who you are sending money to as you may not be able to recover these 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.”

The CRM Code gives minimum criteria for what makes a warning effective. Having considered this, I agree with the Investigator that neither warning was impactful or specific enough to meet the minimum standards expected:

- Neither warning gave Mr D an idea of the hallmarks of the particular scam that he was falling victim to so that he had a better chance of protecting himself.
- The scam warning Starling Bank provided focuses on safe account scams - a specific type of scam where a consumer is being pressured to send their money in order to keep it safe, whereas Mr D was willingly making a payment without that level of pressure, so it wouldn't have resonated with him in the same way.
- The warnings don't tell a customer how to verify they are speaking to someone genuine, they simply suggest calling Starling Bank or reading Starling Bank's website, that would mean pausing or suspending the process of making the payment. This would not help Mr D assess the scam risk in the moment.

So, I don't think it was fair of Starling Bank to claim an effective warning had been given and to rely on this to deny reimbursement.

Did Mr D make the payment without a 'reasonable basis for belief'?

Having considered the evidence, I think that Mr D did have a reasonable basis for believing the scam was legitimate:

- I agree with the Investigator that it seems likely that Mr D was following his family's instructions on making the payment for the flights, rather than proactively taking control of the arrangement for the trip. I have based this on the fact that the scammer was communicating with Mr D's father and uncle when arranging the flights

and Mr D's father made the first payment. I think this means it was reasonable for him to not have researched the payee or price as others in his family had made the decision to purchase the tickets from G already.

- I am conscious that Mr D hasn't been consistent in his testimony, but I'm not drawing a significant negative inference from it in this particular case; I think it highlights how he wasn't the driving force behind this trip.
- As I don't think that Mr D was the driving force behind the planning for the trip, I think it's reasonable that he didn't express great concern over the red flags that Starling Bank has pointed out. Thinking about the negative confirmation of payee result, Mr D would've known that his father had paid G before successfully, which would've given him confidence to follow instructions in making the payment. I also don't think that further caution on the part of Mr D would've made a difference here anyway, as Mr D's family knew they wanted to pay G for the flights, so it seems likely they would've paid into whatever account G said regardless.
- Starling Bank has said that Mr D should've attempted to pay by card or PayPal as it is a more secure payment method and that a genuine travel agent wouldn't take a faster payment. Whilst I appreciate that card payments can give additional consumer protection over other payment methods, I don't think Mr D's choice of payment is indicative of a lack of care. I would also question Starling Bank's assumption that travel agents don't accept faster payments. While I accept that a large mainstream travel agent might require payment by card, there are many smaller, independent travel agents who would be willing to take payment by bank transfer. Certainly, the fact that this recipient wanted to be paid in that way isn't, in my view, the red flag that Starling thinks it is.
- Starling Bank has also said that Mr D gave misleading answers to the PRM and if he had answered honestly they may have flagged it for manual review. However, looking at Mr D's answers, I think that he has, for the most part, answered accurately when you consider that his father had paid G before. Even if Mr D had answered some of the questions differently, I wouldn't have expected the payment to flag for a manual review with Starling Bank, given the amount of the payment.

Based on the points above, I think Mr D had a reasonable basis for believing that he was legitimately paying for flights.

Overall, Starling Bank hasn't successfully evidenced that it has a reason not to reimburse Mr D, so I think it is fair and reasonable for Starling Bank to reimburse him under the CRM Code.

Should Starling Bank pay additional compensation for distress and inconvenience caused?

I have considered if Starling Bank should pay additional compensation for the service issues Mr D identified. Having considered the nature of the service errors and their impact, I am satisfied that Starling Bank has compensated Mr D fairly and I won't be asking them to pay any further compensation.

Putting things right

Should Mr D accept, Starling Bank Limited should:

- Reimburse the money lost to the scam (£2,000)
- Pay 8% simple interest from the date the claim was declined up until the money is reimbursed to Mr D.

My final decision

My final decision is that I uphold this complaint against Starling Bank Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 3 February 2026.

Paula Lipkowska
Ombudsman