

The complaint

Miss K is complaining about Starling Bank Limited because it declined to refund money she lost as a result of fraud.

What happened

Sadly, Miss K fell victim to a series of investment-linked scams. Between November 2023 and April 2024, she made nearly 20 payments to the scams with a combined value exceeding £10,000. The payments were made by card and sent to a variety of different payees. While her account statements appear to show she was able to withdraw some of the money she paid out, I understand most of it was lost to the scams.

Our investigator didn't recommend the complaint be upheld. They didn't feel the nature of the payments was such that Starling should have identified they may be associated with fraud or questioned them further. They also didn't feel there was any other mechanism by which the payments should be refunded.

Miss K didn't accept the investigator's assessment but she hasn't made any further submissions in respect of this complaint. She has made another complaint about an Electronic Money Institution she used to fund further payments to the scams and I'll address her comments about that complaint in a separate decision on that case.

The complaint has now been referred to me for review.

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.

Having done so, I've reached the same overall conclusions as the investigator, and for broadly the same reasons. I haven't necessarily commented on every single point raised but concentrated instead on the issues I believe are central to the outcome of the complaint. This is consistent with our established role as an informal alternative to the courts. In considering this complaint I've had regard to the relevant law and regulations; any regulator's rules, guidance and standards, codes of practice, and what I consider was good industry practice at the time.

There's no dispute that Miss K authorised these payments. In broad terms, the starting position at law is that a bank is expected to process payments a customer authorises it to make, in accordance with the Payment Services Regulations and the terms and conditions of their account. In this context, '*authorised*' essentially means the customer gave the business an instruction to make a payment from their account. In other words, they knew that money was leaving their account, irrespective of where that money actually went.

There are, however, some situations where we believe a business, taking into account relevant rules, codes and best practice standards, shouldn't have taken its customer's

authorisation instruction at 'face value' – or should have looked at the wider circumstances surrounding the transaction before making the payment.

Starling also has a duty to exercise reasonable skill and care, pay due regard to the interests of its customers and to follow good industry practice to keep customers' accounts safe. This includes identifying vulnerable consumers who may be particularly susceptible to scams and looking out for payments which might indicate the consumer is at risk of financial harm.

Taking these things into account, I need to decide whether Starling acted fairly and reasonably in its dealings with Miss K.

The payments

I must take into account that many similar payment instructions Starling receives will be entirely legitimate. I also need to consider its responsibility to make payments promptly.

Having considered what Starling knew about the payments at the time, I'm not persuaded it ought to have identified Miss K may be at risk of harm from fraud. The payments went to a variety of different payees, not all of which could readily be identified as being linked to investments, and they were spread out over a period of more than five months. Further, the amount of each individual payment was relatively low, with the highest being £2,000.

On balance, I don't think a pattern of payments consistent with many types of known scam had begun to emerge and I can't reasonably say Starling was at fault for processing the payments in line with Miss K's instructions.

I want to be clear that it's not my intention to suggest Miss K is to blame for what happened in any way. She fell victim to a series of sophisticated scams, each of which was carefully designed to deceive and manipulate its victims. I can understand why she acted in the way she did. But my role is to consider the actions of Starling and, having done so, I'm not persuaded these were the cause of her losses.

Recovery of funds

I've also looked at whether Starling could or should have done more to try and recover Miss K's losses once it was aware that the payments were the result of fraud.

It's a common feature of this type of scam that the fraudster will move money very quickly to other accounts once received to frustrate any attempted recovery. Miss K didn't report the scam until some time after the payments were made and I don't think anything that Starling could have done differently would likely have led to her money being recovered successfully from the recipients in these circumstances.

Nonetheless, as the payments were card payments, I've considered whether Starling should have tried to recover the money through the chargeback scheme. This is a voluntary agreement between card providers and card issuers who set the scheme rules and is not enforced by law. A chargeback isn't guaranteed to result in a refund, there needs to be a right to a chargeback under the scheme rules and under those rules the recipient of the payment can defend a chargeback if it doesn't agree with the request.

I'd only expect Starling to have raised a chargeback claim if it was likely to be successful and it doesn't appear that would have been the case here. By the time the fraud was reported, the time limit for making a chargeback claim for most of the payments had expired and the card providers' rules don't generally cover payments to investments (including scam

investments) in any event. Also, the method by which these payments were authorised would normally preclude a chargeback claim from succeeding.

Finally, I note Starling did accept there were delays in responding to Miss K's complaint and it credited £150 to her account in recognition of this. I'm satisfied this is appropriate compensation for any additional distress and inconvenience caused because Miss K didn't receive its response as promptly as she should have.

In conclusion

I recognise Miss K has been the victim of a cruel scam and I'm sorry she lost this money. I realise the outcome of this complaint will come as a great disappointment but, for the reasons I've explained, I think Starling acted fairly and reasonably in its dealings with her and I won't be telling it to make any refund.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss K to accept or reject my decision before 15 September 2025.

James Biles
Ombudsman