

## The complaint

S, a limited company, complains that Starling Bank Limited won't refund money lost in an investment scam.

## What happened

The circumstances surrounding this complaint are well-known to both parties, so I've summarised what I consider to be the main points.

Mr A, a director of S, says he read about an investment opportunity on a popular social media platform. The investment was in a company offering online services, which I'll call M. After some contact with those promoting M, Mr A decided to invest. He was led to believe his investment in M would return monthly profits of £1,200 - £1,500.

S made two payments to M:

Date	Amount	Payment type	Destination
02/09/2024	£5,000	Card payment	Company M
03/09/2024	£5,000	Card payment	Company M

Mr A says this was a personal investment but because he was owed money by S, and was the sole owner of S, he made the payment from S as a form of debt repayment to him. When the first month's profit was paid, it was paid by M directly to Mr A's personal bank account.

Mr A didn't receive any further returns on his investment and he began to hear of others who had experienced similar issues. He asked for a refund, which M said it would give to him but Mr A didn't receive a refund.

S reported the matter to Starling as a scam and asked Starling to refund its money. It said Starling ought to have intervened to prevent the transactions in the first place because they were unusual. It considered that if Starling had intervened, it would have been able to uncover the scam because M wasn't a registered business and the monthly returns were unrealistic.

Starling wouldn't provide a refund. It considered it hadn't done anything wrong, the payments were authorised and it was unable to attempt chargebacks because the card scheme rules didn't provide chargeback rights in relation to investments in these circumstances.

Our investigator considered S's complaint but didn't uphold it. She said S hadn't suffered a financial loss because S had paid the money to M on the instruction of Mr A as full or part settlement of a debt S owed to Mr A. As a result, it hadn't actually lost anything because it now owed Mr A £10,000 less.

Mr A didn't accept the investigator's assessment. He said he was the sole owner of S. This was a personal investment and he had borrowed money from S to pay for it. He had been the victim of a crime and he ought to be able to get his money back.

## **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.

In broad terms, the starting position is that a firm is expected to process payments and withdrawals that its customer authorises, in accordance with the Payment Services Regulations and the terms and conditions of the customer's account. And in this case, it's accepted by all parties that S authorised the payments and Starling made the payments in accordance with S's instructions.

Whilst Starling was a signatory of the Contingent Reimbursement Model (CRM) Code, it doesn't apply in this case because the code doesn't cover card payments.

But having taken into account longstanding regulatory expectations and requirements, and what I consider to be good industry practice, I agree Starling ought to have been on the lookout for the possibility of fraud and made additional checks before processing payments in some circumstances.

In S's complaint, matters are complicated by the arrangements made between S, Mr A and M. Mr A entered into a contract with M in which he agreed to pay £10,000 to M. The contract says M was to provide certain services to Mr A and that he would be paid a variable amount from the profits, expected to be between £1,000 and £1,500. Mr A has provided evidence that M didn't perform its side of the bargain and it appears this might have been a scam.

However, I agree with the investigator that S has not suffered a loss that I can reasonably require Starling to refund to S. I say this because Mr A says the payments S made to M were made from S's business account because S owed Mr A this money as a return on capital he had invested into S. In other words, by making the payments to M, Mr A says S was effectively repaying a debt it owed him. S has therefore received a benefit by making this payment and reducing its indebtedness to Mr A by an equivalent amount.

Mr A appears to have suffered a loss, because he instructed S to repay his money to an account that seems to have been connected to a scam. While I understand that Mr A owns all the shares in S, S has a separate legal personality to Mr A.

In any event, I don't consider Starling ought reasonably to have intervened to question or prevent these transactions because they would not have appeared unusual or suspicious in light of S's previous account history. For example, S made payments of £5,000 or more on multiple occasions in each of the three months before it made the payments that form the subject of this complaint. Payments were made to a variety of payees and some of these payments were for amounts significantly higher than £5,000. So, I don't consider these transactions would have stood out as unusual or suspicious to the point that Starling ought reasonably to have intervened.

## **Recovery**

Starling says it didn't attempt to raise chargebacks with the merchant for these two transactions because it lacked chargeback rights. In particular, it said it didn't have chargeback rights for refund requests in relation to investments. I would consider it good practice to raise a chargeback where there was a reasonable chance of it succeeding, but I'm not persuaded that's the case here. The card scheme rules indicate that chargebacks for investments are only available where the purchased value or asset fails to appear. But there was no specific asset being purchased here, instead the contract provided for Mr A (not S) to receive a distribution from the profits of M, which the contract didn't guarantee but

anticipated might be between £1,000 and £1,500 per month. So I'm not persuaded there was a valid chargeback right here. And it doesn't seem a chargeback for fraud, in general, would have been possible here where the payments were authorised by S.

Overall, while I sympathise with Mr A's position, for the reasons given above, I'm not persuaded Starling has done anything wrong here.

### **My final decision**

I don't uphold S's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask S to accept or reject my decision before 3 November 2025.

Greg Barham  
**Ombudsman**