

The complaint

Ms C complained because Starling Bank Limited refused to refund her for cash machine withdrawals which she said she hadn't authorised.

What happened

On 29 March 2025, Ms C contacted Starling by chat, and reported that there were two unauthorised withdrawals on her account. Her husband was abroad and had Ms C's debit card, and he had made an authorised withdrawal on 27 March for the sterling equivalent of £99.26. On 28 March there had been two more withdrawals, which Ms C's husband hadn't authorised. These were both for the same amount as the previous day, which Ms C said was the maximum cash withdrawal in that country. With the exchange rate on 28 March, they were both for sterling equivalent of £99.20, making a total in dispute of £198.40.

Ms C said that only she and her husband knew the PIN for the card, and it wasn't written down anywhere. She said her husband still had the card in his possession. Starling stopped Ms C's card and issued a replacement, and investigated the disputed transactions.

On 14 April, Ms C chased for an update, and on 15 April, Starling sent Ms C its decision. It said that:

- the payments had been securely made using the card linked to Ms C's account;
- she had confirmed that she still had the card in her possession;
- the chip was unique to the card, and couldn't be cloned;
- she had confirmed that she had a secure PIN, known by Ms C and her husband, which wasn't written down anywhere.

Starling said that as the payment had been made securely on a card in her possession, it could find no evidence to support fraudulent activity.

Starling also said that it must remind Ms C that her account was a personal account, so no-one else should have access to her card, PIN, or app, apart from Ms C. It pointed out that this had been in the terms and conditions to which Ms C had agreed when opening the Starling account. It warned that any future losses which Ms C might have as a result of someone else having access to these might mean Starling was unable to help her further, because she'd breached the terms and conditions.

Ms C replied that she was shocked and disappointed that Starling didn't believe her. She pointed out that there had been a further attempted transaction after Starling had blocked the card. She said she understood the card was personal to her, but she trusted her husband who would not steal from her. She also said that it was possible to clone bank cards at cash machines. She said her husband had been to a bank abroad, where they'd confirmed it was possible to clone cards, and she sent Starling an article about this.

Ms C said she was left thinking Starling didn't care about its customers, didn't keep their money safe and would rather accuse them of lying than admit their cards can be cloned. She complained.

Starling issued its final decision on 2 May.

First, it accepted that it hadn't provided Ms C with an update on her claim within its agreed service levels of 5 working days, so she'd had to chase for an update. It said it also hadn't replied to her request to reconsider until she'd raised a complaint. Starling apologised, and paid Ms C £125 compensation for customer service.

But Starling didn't uphold Ms C's claim for a refund for the disputed transactions. It said it had reviewed the claim, and the transactions had been made using the chip and PIN feature of the card. There was nothing to suggest they'd been made using a counterfeit card. Starling said it confirmed that the chip was unique, and couldn't be cloned. It said it wouldn't comment on the article Ms C had sent about cloned cards, as it based its decision on the evidence it held. This had shown that there was no evidence that the disputed transactions had been made using a counterfeit card.

Ms C didn't agree and contacted this service. She said she believed her card had been cloned at the cash machine abroad, and she'd fully disclosed to Starling that her husband had the card and she'd authorised him to use it, but he hadn't made the two disputed transactions. Ms C said that Starling had told her the unique chip couldn't be cloned, but she believed this to be false based on her own online research. She said she believed she'd been a victim of her card being compromised by criminals inserting a device into the machine. She said she had no evidence this happened, because the bank where the machine was located had denied it, but she said there was no other explanation.

Our investigator didn't uphold Ms C's complaint. She said that she'd questioned Starling about its statement that the transactions had been made using chip and PIN – because although most UK cash machines read the chip on a card, machines abroad commonly read the magnetic strip. There is evidence to support that magnetic strips can have information cloned from them, but currently no evidence to suggest this can be done with a card's chip.

The investigator explained that she'd therefore asked Starling to provide an audit trail, showing the chip had been read, and not the magnetic strip. Starling had provided evidence which showed that the machine could read both chips and magnetic strips. The audit trail had provided evidence that in this case it was the chip which had been read, followed by the correct PIN. So the investigator accepted that the chip, and not the magnetic strip, had been read.

The investigator went on to say that as there was no evidence to show that a chip can be cloned, on the balance of probabilities she believed the genuine card had been used. Ms C had said the card was still in her possession at the time of the transactions, so the investigator couldn't conclude there had been a compromise.

The investigator noted that Ms C had had to chase for updates, as Starling hadn't responded in the timescales it had given her. She said she was pleased to see that Starling had already paid Ms C £125 as an apology, and she felt this figure was within the range which this service would award.

Ms C remained unhappy with the outcome, and asked for an ombudsman's decision. She suggested ways in which her online researches had indicated that thieves could effectively clone cards. She sent links to various sources about this, and said that Action Fraud had also told her that criminals had developed the means to do this.

The investigator replied that all three transactions – the genuine one and the two disputed ones – showed the chip had been read, followed by the PIN being input. She didn't think it likely that the chip on the card had been cloned.

Ms C replied that neither she nor her husband had made either of the disputed transactions. She said a cash machine could be compromised and she believed that during the genuine 27 March transaction, the chip had been read. She said no-one was addressing that possibility.

Ms C said that she believed it must have been information from the chip that was read, and the actual chip hadn't been read. She sent us information about techniques which she'd read could be used to bypass the security on the chip.

Ms C said her real concern is that Starling should be investigating whether it's possible for thieves to bypass the security which it feels is provided by the chip. She said she could like to know that the ombudsman would make recommendations about this, although she wasn't sure if that would exceed our powers. She said she believed she wasn't the first person to have put such a case to this service, which suggested that action needs to be taken to investigate such claims in more detail, so other innocent banking customers aren't defrauded.

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'll first clarify what this service can and can't do. Ms C asked us to make recommendations for Starling to investigate whether it is possible for thieves to bypass the security which it feels is provided by the chip. This service can't intervene in a financial organisation's processes, as that is the role of the regulator, the Financial Conduct Authority. We consider consumer complaints against financial organisations in order to decide whether or not the financial organisation acted fairly and reasonably in the specific circumstances of each individual complaint.

What the Regulations say

There are regulations which govern disputed transactions. The relevant regulations here are the Payment Services Regulations 2017. In general terms, the bank is liable if the customer didn't authorise the payments, and the customer is liable if they did authorise them. So what decides the outcome here is whether it's more likely than not that Ms C or her husband, or a third party fraudster unknown to her, carried out the disputed transactions.

Who is most likely to have authorised the disputed transactions?

I've looked carefully at the computer evidence about the two disputed cash machine withdrawals. This records that:

- the machine at which all three cash withdrawals were made supports both chip input, and also magnetic stripe input;
- the code for all three cash withdrawals indicates that the chip was read, and that the correct PIN was used.

Ms C has provided some evidence of methods whereby card details could be captured. However, it seems unlikely that's what happened here. There is certainly no compelling technical evidence that this is what happened here.

If some extremely unusual and innovative method of capturing card details had been used here, the fraudster would have had to have used very sophisticated methods. If that had been the case, I think it's most unlikely that they'd only have taken the equivalent of £198.40 when there was around £780 remaining in the account after the disputed withdrawals. So I

don't think there's enough evidence to suggest this was some kind of advanced technological fraud, and it's more likely than not that the card and PIN were used.

I've looked for other ways in which the card and PIN might have been compromised, particularly because Ms C's evidence comes across as honest and genuine.

The card wasn't lost or stolen or missing at any point. The correct PIN was entered and there are 10,000 possible combinations of a four-digit PIN, so it couldn't have been guessed. Ms C says it was a secure number and not written down or shared. I've considered whether someone might have discovered the PIN by "shoulder surfing" Ms C's husband when he made the cash withdrawal on 27 March – but the card was in his possession throughout. Anyone who had found out the PIN by watching Ms C's husband on 27 March still couldn't have made the two further cash withdrawals without the card, because the computer evidence shows the genuine card was used for the disputed transactions. If a thief had stolen the card from Ms C's husband after the 27 March withdrawal, they'd have had to return it to him without his noticing, which wouldn't have been easy. Also, a thief would be unlikely to return a card when there was still a significant balance in the account. In the circumstances of this case, however, I might have thought this was perhaps the most likely explanation, but Ms C's evidence is that the card was in her husband's possession throughout. So I have to rule that out.

This means that I can't see how any third party fraudster could have carried out the disputed cash withdrawals. Ms C is sure that she could trust her husband, which only leaves that he might have made the two disputed withdrawals for some reason he has subsequently forgotten. While I appreciate Ms C won't see this as a plausible explanation, I can find no other way in which the disputed transactions could have been made. This means that Starling doesn't have to refund her.

Compensation for Starling's service

Starling gave Ms C timescales for updates, but I can see that it didn't meet these, and Ms C had to chase. So I find that it was appropriate for Starling to compensate Ms C for the added distress and inconvenience which this would have added to an intrinsically upsetting situation.

I've considered the £125 which Starling paid Ms C, and I find that was fair and reasonable compensation for distress and inconvenience in all the circumstances of this case. So I don't require Starling to pay her more.

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 Ms C to accept or reject my decision before 17 February 2026.

Belinda Knight
Ombudsman