

The complaint

Ms N complains that Starling Bank Limited won't refund the money she lost when she was the victim of a scam.

What happened

In September 2024, Ms N received a call from someone who said they worked for Starling and that her account had been compromised. She was asked whether she recognised two payments on her account and, when she said she didn't, she was told to confirm the payments in her Starling app and that the caller would then reverse the payments – which they did.

Ms N was then told that four further payments to a supermarket and a department store were showing on her account and told to approve those so that they could then be reversed as well. But after she approved these payments, they weren't reversed and the payments left Ms N's account. I've set out these payments which left her account below:

Date	Details	Amount
5 September 2024	To supermarket	£700
5 September 2024	To supermarket	£750
5 September 2024	To supermarket	£200
5 September 2024	To department store	£5,242

Unfortunately, we now know the caller was a scammer. The scam was uncovered after the caller asked Ms M to give her card to a courier. Ms N then suspected she had been the victim of a scam and reported the payments to Starling.

Starling investigated and agreed it could have done more to protect Ms N. But it also said she was aware the payments were leaving her account, so it didn't agree to refund all of the payments. Ms N received £12 back from the department store, and Starling refunded the remaining £5,230 of the payment to the department store and the £700 payment to the supermarket. But it didn't refund the remaining two payments to the supermarket. Ms N wasn't satisfied with Starling's response, so referred a complaint to our service.

One of our investigators looked at the complaint. They felt Starling should have done more to protect Ms N, but that it had already refunded more than we would have expected it to. So they didn't think Starling should have to refund anything further. Ms N disagreed with our investigator, 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.

In broad terms, the starting position at law is that banks are expected to process payments and withdrawals that a customer authorises it to make, in accordance with the Payment

Services Regulations (in this case the 2017 regulations) and the terms and conditions of the customer's account.

I appreciate Ms N only confirmed the payments in her Starling app because she believed that they would then be reversed by the caller. But the app asked her whether she wanted to make the payments and she answered that she did. And by confirming the payments in the app, she authorised the payments for the purposes of the Payment Services Regulations.

So I think Starling has acted reasonably in treating the payments as authorised, and the starting position in law is that it was obliged to follow her instructions and Ms N isn't automatically entitled to a refund.

The regulatory landscape, along with good industry practice, also sets out requirements for banks to protect their customers from fraud and financial harm. So, in line with this, at the time Ms N made these payments I think Starling should fairly and reasonably:

- have been monitoring accounts and any payments made or received to counter various risks, including preventing fraud and scams;
- have had systems in place to look out for unusual transactions or other signs that might indicate that its customers were at risk of fraud (among other things). This is particularly so given the increase in sophisticated fraud and scams in recent years, which firms are generally more familiar with than the average customer;
- have acted to avoid causing foreseeable harm to customers, for example by maintaining adequate systems to detect and prevent scams and by ensuring all aspects of its products, including the contractual terms, enabled it to do so;
- in some circumstances, irrespective of the payment channel used, have taken additional steps, or made additional checks, or provided additional warnings, before processing a payment;
- have been mindful of – among other things – common scam scenarios, how the fraudulent practices are evolving (including for example the common use of multi-stage fraud by scammers, including the use of payments to cryptocurrency accounts as a step to defraud consumers) and the different risks these can present to consumers, when deciding whether to intervene.

So I've considered whether Starling should have identified that Ms N was at heightened risk of financial harm from fraud as a result of any the payment she made here.

But the first three payments here, to the supermarket, weren't for particularly large amounts or for amounts I would expect Starling to identify as suspicious based on their size alone. Ms N had made a number of payments out of her account for what I consider to be similar amounts in the previous months. And these payments also didn't use up a significant proportion of the available balance in the account or leave the balance of her account at a particularly unusual or suspicious level.

So I don't think it's unreasonable Starling didn't identify that Ms N could be at heightened risk of financial harm from fraud as a result of these payments, and didn't take any further steps or carry out any additional checks before allowing them to go through. And so I don't think anything I would reasonably have expected it to do in relation to these payments would have prevented Ms N's loss or that it would be fair to require Starling to refund these payments.

I do think Starling should have identified that Ms N was at heightened risk of financial harm from fraud as a result of the fourth payment here, to the department store, and done more to protect her before allowing this payment to go through. But Ms N has already been refunded the full amount of this payment, from Starling and the department store. So I don't think it's necessary to consider this payment any further.

And so, as Ms N has already been refunded everything I would have expected her to be in response to her claim, I don't think it would be fair to require Starling to refund anything further here.

I sympathise with the position Ms N has found herself in and I recognise that she is still out of pocket as a result of the scam. But I can only look at Starling's responsibilities here. And, for the reasons I've set out above, I don't think anything I would reasonably have expected Starling to have done would have prevented any more of her money being lost as a result of this scam. And so I don't think it would be fair to require Starling to refund anything further.

Ms N also raised that Starling didn't respond to her claim within the timescales it initially gave her. But I don't think the time Starling took to respond to her claim caused her significant distress or inconvenience on a level to warrant further compensation here. And so I don't think it would be fair to require Starling to pay compensation or refund anything further as a result.

My final decision

For the reasons set out above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms N to accept or reject my decision before 9 January 2026.

Alan Millward
Ombudsman