

The complaint

A sole trader, who I'll refer to as Miss B, complains that Starling Bank Limited failed to assess her ability to repay when agreeing to provide a bounce back loan ("BBL").

What happened

Miss B took out a £13,000 BBL in May 2020. Later that year, she successfully applied for a top-up of £15,000, taking her total BBL to £28,000.

In early 2025, Miss B complained to Starling that the bank hadn't properly assessed affordability when the BBL was granted.

Starling didn't uphold the complaint. It said it had carried out the necessary checks and that the amount borrowed did not exceed 25% of quoted turnover, as required by the scheme.

Miss B asked the Financial Ombudsman to look into the matter. She told us that her business turnover for the year before her BBL application was only around £20,000, so the bank should have rejected it.

One of our investigators looked into what had happened, but concluded that the bank hadn't made an error. She also pointed out that, as Miss B had used the BBL funds, we would usually consider it fair for Miss B to pay them back, even if the bank had made a mistake.

Miss B disagreed and asked for an ombudsman's decision. She provided evidence from her tax return that her turnover was £20,000 in the relevant year.

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.

Miss B would like me to draw an adverse conclusion from the fact that Starling cannot produce a copy of the BBL application in the form in which she entered the information. I don't think that would be fair in this instance. Starling is not alone in not retaining records in the application format. My understanding is that it is not that the bank has lost Miss B's application, but that they were simply not required to retain records in that way. So I don't think it would be fair to criticise Starling for the absence of an application form.

The key piece of evidence here is the turnover figure of £540,000 shown on the bank's records for Miss B's BBL, which is clearly incorrect based on Miss B's tax return. The bank says that Miss B would have entered this figure during the application process. Miss B, on the other hand, says that she would never have entered this number. She points out that she had to upload her SA302 tax document and had no reason to believe it wouldn't be cross-checked. I think it's also relevant that she only applied for a BBL of £13,000. So there was no benefit to such an extreme exaggeration.

As Miss B knows, I need to reach my conclusions on the basis of the balance of probabilities, that is, what I think is more likely than not to have happened. Given the online nature of BBL applications, I don't think it's likely that anyone at the bank would have added or amended the turnover record. My conclusion is that it's more likely than not that Miss B entered the £540,000 figure recorded, most likely in error.

This brings me to the question of whether it was reasonable for the bank to rely on this figure and not to have checked it against the SA302. I'm sorry to disappoint Miss B, but I'm afraid I agree with our investigator and the bank on this point. The BBL scheme was a unique scheme for unique times. In order to deliver funds to businesses in need at the required pace, banks were not expected to carry out their normal affordability checks before lending. In fact, they were specifically precluded from doing anything that might delay the receipt of funds. For this reason, I don't think Starling made an error here in not checking the self-attested information on Miss B's application.

Banks were required to carry out only certain basic checks for anti-money laundering purposes, but were otherwise entitled to rely on the information provided by applicants. And they were not expected to take affordability into account if applicants met the eligibility criteria. My understanding is that tax returns were required for sole traders as proof of trading, not as a means of double-checking turnover.

I've thought about Miss B's argument that even if there was no requirement for the bank to check the information on the application, in this case, the turnover recorded was so inflated for a sole trader in her industry, it did not meet even a basic level of plausibility. I understand Miss B's frustration, but some sole traders can have substantial turnovers and I'm afraid even this type of check was simply not required under the BBL scheme.

I am sorry to hear of the financial pressure Miss B has been under and the difficulties she has had maintaining her BBL repayments. But Miss B clearly wanted the funds, including the top-up, and has had the benefit of them. I don't think Starling made any errors in its handling of her application, but even if it had, I don't think it would be fair to expect them to write off or reduce her liability.

My final decision

For the reasons set out above, I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss B to accept or reject my decision before 6 January 2026.

Louise Bardell
Ombudsman