

The complaint

Q, a limited company represented here by its director Mr A, is unhappy Starling Bank Ltd declined to reimburse the money lost when Mr A fell victim to a scam.

What happened

Q (and Mr A) are represented in this complaint by a claims management company, for simplicity I will refer to Mr A and Q throughout this decision, even when referencing what the representatives have said on their behalf.

Mr A fell victim to a safe account scam. In February 2024 he received a text from a mobile phone number which said that a payment had been attempted from Q's account. This message asked him to confirm if he had made the payment, and he responded to say that he had not. Shortly afterwards Mr A receive a call from an individual claiming to work for institutions he banked with. Mr A says he can't recall all the details of what he was told, but that he spoke to two individuals who said they worked for Starling and for the high street bank where he held his personal account.

Mr A says he was told his money was at risk, and that to protect it he needed to move funds from his personal account to Q's account and then out to a 'safe account'. Over the course of the next few hours, during several different calls, Mr A was persuaded to hand over Q's full card details, to approve card payments that were then made, and to make numerous faster payments to an account at a third-party bank. But Mr A began to feel uncomfortable with what he was being asked to do, and ultimately realised he was likely being scammed, so he stopped engaging with the scammers and contacted Starling directly.

Starling logged the scam, and after considering what had happened it agreed that Q was entitled to a partial refund of most of the payments made. Specifically, the faster payments were covered by the Lending Standards Board's Contingent Reimbursement Model Code, and Starling agreed that it had not met its obligations to Q under the Code. Starling also agreed that it should have stepped in to make sure Q was not at risk of financial harm at the time of the second successful card payment. But Starling also felt that Mr A (on behalf of Q) should share some responsibility for the loss, as it did not feel he had taken adequate steps to protect himself. So, Starling refunded 50% of Q's loss from the second payment onwards. For clarity, I have set out the card payments made to the scam in the table below:

Payment	Date	Beneficiary	Type	Amount	Status
	26/02/2024	Merchant 1	Card payment	£0	Reversed
1	26/02/2024	Merchant 2	Card payment	£4,699.95	Not refunded
2	26/02/2024	Merchant 3	Card payment	£1,969.49	50% refunded
	26/02/2024	Merchant 4	Card payment	£800	Declined
3	27/02/2024	Merchant 2	Card payment	£2,499.99	50% refunded

Unhappy, Mr A referred the matter to our service. One of our Investigators looked into what had happened, they agreed that Mr A should share responsibility for the loss, but felt that Starling should have stepped in at the time of the very first successful card payment to the scam, as they felt it was out of character enough for Q's account to have warranted direct

intervention. So, they recommended that Starling refund 50% of the first successful card payment, plus interest.

Mr A accepted the Investigator's findings on behalf of Q, but Starling did not, it maintains that the first card payment was not unusual enough to have warranted any intervention.

As no agreement could be reached, this case has now been passed to me for a decision.

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'm satisfied Mr A authorised the payments that are the subject of this complaint for the purposes of the Payment Services Regulations 2017 ('the Regulations'), in force at the time. So, in broad terms, the starting position is that a bank is expected to process payments and withdrawals that a customer authorises it to make, in accordance with the Regulations and the terms and conditions of the customer's account. And I have taken this into account when deciding what is fair and reasonable in this case.

There's no dispute that this was a scam, although Mr A didn't intend Q's money to go to scammers, he did authorise the disputed payments. As explained above, Starling is expected to process payments and withdrawals that a customer authorises it to make, but where the customer has been the victim of a scam, it may sometimes be fair and reasonable for the bank to reimburse them even though they authorised the payment.

The faster payments

These payments are covered by the Lending Standards Board's Contingent reimbursement Model Code (the Code), which was in force at the time and which Starling was a signatory of. Under that Code the starting position is that a firm should reimburse customers who have been the victim of an APP scam, except in limited circumstances. Those circumstances include where the customer did not have a 'reasonable basis for belief' that they were for 'genuine goods or services; and/or that the payee was legitimate.'

All parties involved here now appear to be in agreement that Mr A did not have a reasonable basis for belief, and that he could have done more to verify that he was making these payments for a legitimate reason, so Q is not entitled to a full refund of the loss under the Code. However, Starling also accepts that it could have done more to protect Q from this scam. As a result, under the Code, Q is entitled to a refund of 50% of the faster payments, and Starling has already paid that refund to Q, so I don't intend to comment on these payments further.

The card payments

Because the card payments are not covered by the Code, Q is not automatically entitled to a refund of these payments. But the regulatory landscape, along with good industry practice, also sets out a requirement for account providers to protect their customers from fraud and financial harm. And this includes monitoring accounts to look out for activity that might suggest a customer was at risk of financial harm, intervening in unusual or out of character transactions and trying to prevent customers falling victims to scams.

Taking the above into consideration, I need to decide whether Starling acted fairly and reasonably in its dealings with Q, or whether it should have done more than it did.

Our Investigator found that Starling should have intervened by contacting Mr A directly at the time of the first successful card payment made to this scam (payment 1 in the table above), which was for £4,699.95 on 26 February 2024, and I am also satisfied that it should have intervened directly at that stage. I've noted Starling's comments that this was, at the time, a one-off larger payment to what appeared to be a legitimate merchant. But in the context of Q's usual account usage, I still think it should have stood out as unusual or out of character. Q did not regularly make large card payments, or make large payments at all, and any other large payments in the previous year appear to have mostly been to known payees, largely associated with Q's business.

So, the card payment we are considering here was not in line with Q's usual spending or to a payee that Q would usually pay. In addition, I think it is worth noting that the card payments also appear to have been preceded by a sudden influx of transfers into the account from Mr A's personal account. Given these circumstances, I think Starling should have had some concerns about the payment being made, despite the fact that it was approved using Mr A's device. I consider that a proportionate intervention at that time would have been for Starling to make contact with Mr A to establish the circumstances surrounding this payment.

And I consider that, had Starling done this, then it is likely that the scam would have been uncovered. I've not seen anything to suggest that Mr A was given any kind of cover story to explain the payments he was making, or otherwise told to lie to the bank. So, I think the scam would have quickly come to light and Starling could have prevented the losses Q incurred. It follows that I therefore think Starling should bear some responsibility for that loss.

But I still consider that what Mr A was being asked to do by the scammers was unusual, and should have caused him some concern, and that he did not take reasonable steps to ensure he was dealing with a legitimate representative of a bank before making these payments. So, I consider that Q should share responsibility for the loss from these card payments.

With all this in mind, and considering that Starling has already refunded 50% of all the other payments Mr A made to the scam, I'm satisfied that it is fair for Starling to refund to Q 50% of the loss from the first card payment, plus interest.

Putting things right

To resolve this complaint Starling should now:

- Refund 50% of payment 1 to Q – representing a refund of £2,349.96
- Pay 8% simple interest per annum on this refund from the date the payment was made to the date of settlement.

My final decision

I uphold this complaint. Starling Bank Limited should now put things right in the way I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Q to accept or reject my decision before 12 February 2026.

Sophie Mitchell
Ombudsman