

The complaint

Mr M complains that Starling Bank Limited unfairly declined his application for a savings account.

What happened

Mr M already held accounts with Starling that he says we were well-managed and never overdrawn. Due to Starling's decision to stop interest being earned on an existing account, Mr M decided to apply for a savings account with the bank. Mr M's application was declined despite him believing that he met the eligibility criteria for this type of account. He complained because he's unhappy Starling did so with no reason provided.

Starling didn't uphold the complaint explaining that it carried out additional internal checks. Remaining unhappy, Mr M referred his complaint to this service. He wants to be able to open the account and would like Starling to pay him the interest he would've earned since, had the application been successful.

Our investigator established that Starling's decision was based on information recorded against Mr M's name. The investigator concluded that Starling didn't do enough to investigate this information and, had it done so, it would've established the true nature of what had been recorded. The investigator's outcome said that Starling's decision was unfair and asked the bank to pay Mr M £200 compensation.

Starling didn't agree and pointed to the rules the bank is obliged to follow. Mr M also disagreed as he wants additional compensation. As the complaint remains unresolved, it's been passed to me for a final review.

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 share the investigator's conclusions – so I'm upholding this complaint and awarding Mr M £200 compensation. I'll explain why.

As all parties now know, Starling's decision to decline Mr M's application was based on adverse information the bank said it had found during its searches. I can see from the records Mr M has provided that this includes information held about him on the Credit Industry Fraud Avoidance System (CIFAS) and on National SIRA.

The information that's been recorded seems to have been done so likely following an attempt by a third-party who has tried to make unauthorised use of Mr M's details. The purpose of the marker therefore is to prevent unauthorised use of his details and prompt firms to conduct additional verification.

So the risk is posed by a potential third-party that may attempt to make unauthorised use of Mr M's details – the risk doesn't seem to be something Mr M is responsible for nor is he the

cause of. My understanding is that the requirement this would've placed on Starling is that it be mindful of the information, and that it conduct additional verification to protect itself and Mr M.

I can't see anything to suggest that Starling carried out additional checks. Had it done so, I think it's likely it would've established that the information it found shouldn't in itself detriment Mr M's application. So I'm satisfied it was unfair for Starling to have declined Mr M's application for this reason. Starling mentions that it was acting in accordance with certain rules it needs to follow. However, I'm not persuaded that the rules it has pointed to would've meant the bank's actions here were reasonable.

I appreciate Mr M's intentions for this account, in that he wanted to earn interest. And I can understand why he feels that he's now incurred a loss. However, although Starling's decision was unfair, I don't find it reasonable to make an interest award. Mr M doesn't seem to have taken advantage of a savings account with another firm in the meantime, despite the passage of time. So I can't fairly conclude that the loss he points to is solely due to the bank's failing.

Moreover, there's no plausible way of determining how Mr M would've operated his savings account had his application been successful. There are multiple variables, such as the value of funds he would've initially deposited and whether he would've withdrawn any of the funds during the period that has passed since. So I can't fairly conclude that an interest award is due here.

I acknowledge Mr M's concern about the possibility of further rejected applications and how this may have impacted his credit worthiness. However, if earning interest on his funds was important to him, I'm not persuaded that he wouldn't have at least attempted to source a savings account elsewhere. I can't see that he did.

I do however agree that the declined application would've caused distress and inconvenience to Mr M, especially given he was already a customer of Starling at the time. Given this was caused by the failing I've set out above, I'm instructing Starling to pay Mr M £200 compensation. If Mr M wishes to, he may apply for the account again and Starling should reconsider his application by disregarding the existing CIFAS and SIRA information I've referred to in my decision.

I'm satisfied this is a fair and reasonable way to resolve this complaint.

My final decision

For the reasons explained above, I'm upholding this complaint. Starling Bank Limited should pay Mr M £200 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 2 October 2025.

Abdul Ali
Ombudsman