

The complaint

Ms V complains that Starling Bank Limited won't refund the money she lost as part of a scam.

What happened

In May 2022 Ms V met someone on a dating app, I'll call this person Mr B. After they'd been corresponding for a while Mr B told Ms V about his cryptocurrency investments. He claimed that he traded cryptocurrency for a living, and Ms V saw his profile on LinkedIn which appeared to support his claims. Mr B encouraged Ms V to get involved, he got her to open accounts with cryptocurrency exchanges and to deposit funds into her cryptocurrency wallet before sending those funds on so that they could be 'traded'.

Ms V made an initial investment of £500 on 16 May 2022, and was able to make a small profit which she withdrew from her cryptocurrency account via PayPal. So, she invested more, and again made a profit, this time the profit was much higher. Ms V then went on to reinvest most of her profit into the scheme over the course of one day. Unfortunately, and unknown to her at the time, Ms V was dealing with a scammer.

When Mr B said that the reinvestment of £5,000 was not enough, and that Ms V needed to invest significantly more, she became suspicious, particularly when her investment did not generate any more profits, so she raised her concerns with Starling in June 2022.

Starling looked into what had happened, but said the faster payments had been to a cryptocurrency account in Ms V's own name, and so it did not accept liability for that loss. It also asked Ms V some questions about the card payments she made, but says it was unable to investigate further when Ms V did not respond. Ms V then raised a complaint, via a representative, in August 2024. Starling has said it asked Ms V some questions about what had happened but did not receive a response and so declined to refund her loss.

One of our Investigators looked into the complaint. They did not consider that the payments Ms V made to the scam were unusual enough to merit any intervention from Starling, so they did not uphold her complaint.

Ms V did not accept the investigator's findings, she maintained that the third payment she made to the scam was unusual enough to have warranted intervention from Starling, and that such intervention would likely have stopped the scam.

As no agreement could be reached this complaint was passed to me for a decision. I issued my provisional findings on this complaint on 28 August 2025, explaining why I felt Starling should refund Ms V's loss. Ms V accepted my findings, Starling did not, it maintains that the £5,000 payment was not out of character, and says that even if it had intervened it does not believe the scam would have come to light. In addition, Starling has said it believes Ms V should bear at least some responsibility for her loss.

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 my provisional decision I explained the following:

"It's not disputed that Ms V authorised the payments that are the subject of this complaint. So as per the Payment Service Regulations 2017 (which are the relevant regulations in place here) that means Ms V is responsible for those payments. That remains the case even though Ms V was the unfortunate victim of a scam.

Because of this, Ms V is not automatically entitled to a refund. 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 Ms V, or whether it should have done more than it did.

Ms V's account was well established, she'd been using it for some time, and so Starling did have a general picture of the kind of spending Ms V did. In general, Ms V used her account for day-to-day spending with occasional larger payments. In the context of her account the third payment to the scam, at £5,000, was out of character. She had made almost no payments of a similar amount in the previous year, and the one higher payment she had made was identifiably to a solicitor, so a very different kind of payee. The scam payment was identifiably to cryptocurrency, and was the third payment to a new payee that was associated with cryptocurrency within three days, when Ms V had never made payments to cryptocurrency previously. I therefore think this payment ought to have flagged as potentially concerning to Starling. I appreciate that the cryptocurrency account was apparently in Ms V's own name, but I'm not sure that would have been clear to Starling at the time of the payment.

In my mind, these features of the payment ought to have given Starling sufficient cause for concern that Ms V could be at risk of suffering financial harm from fraud when making this payment. And, in those circumstances, it should fairly and reasonably have taken additional, proportionate, steps before completing the payment.

I've thought carefully about what a proportionate warning in light of the risk presented would be in these circumstances. In doing so, I've taken into account that many payments that look very similar to this one will be entirely genuine. I've given due consideration to Starling's duty to make payments promptly, as well as what I consider to have been good industry practice at the time this payment was made.

Having thought carefully about the risk the transaction presented, I think a proportionate response to that risk would be for Starling to have attempted to establish the detailed circumstances surrounding the transaction before allowing it to debit Ms V's account. I think it should have done this by asking some open questions about what Ms V was doing and what the payment was for, and satisfying itself that this was for a legitimate purpose before allowing the payment to go ahead.

And I've not seen anything to suggest that Ms V was given any cover story to use regarding the payments she was making. So, I consider it very likely that, had Starling asked her at the

time of the £5,000 payment, Ms V would have been open and honest about what she was making the payment for – transferring her money to a cryptocurrency account for the purposes of an investment. And I consider that there were several features of the scam which would have been easily brought to light by some direct questioning, and which would have rung significant alarm bells for Starling.

For example, Ms V had been told about the investment by someone she had met on a dating app rather than anyone who might be legally allowed to provide such investment advice. I think this would have been enough to put Starling on notice that Ms V was at risk of falling victim to a scam, and a reasonable action at that stage would have been to provide a more detailed scam warning relevant to cryptocurrency investment to explain that the investment was likely not legitimate and what Ms V could do to check the legitimacy of what she believed she was investing in. I've seen nothing to make me think that Ms V would have ignored such a direct warning.

With all this in mind, I think that it would have been possible for Starling to identify that Ms V was the victim of a scam and to provide her with an appropriate warning that would have resonated with her and so prevented her from making this payment and the later payments she went on to make.

In reaching my conclusions about what is fair and reasonable in this case, I have also considered whether Ms V should bear some responsibility for her loss. Ms V has said she saw Mr B's LinkedIn page which suggested he was a legitimate cryptocurrency trader, and that she had sight of a professional looking trading platform. Ms V also received some returns on her investment. So, given her apparent inexperience with such investments, I've not seen anything that would have suggested to Ms V at the time that the person she was dealing with was not legitimate.

Given this background, I don't think Ms V was partly to blame for what happened here. It follows that I don't consider it fair to say Ms V should bear responsibility for some of her financial loss.

I have then looked at whether Starling did what we would expect in a scam case to try to recover the funds. However, in the circumstances of this case I am satisfied there was no reasonable opportunity for it to recover any of the funds."

I've thought carefully about what Starling has said in response to my provisional decision, but my findings remain unchanged. I still consider that a £5,000 payment to a relatively new payee associated with cryptocurrency was unusual activity for Ms V's account and merited an intervention from Starling. The fact that Ms V's overall account spending was not wildly different in the scam month to previous months does not mean that such an unusual payment could be discounted.

I also remain satisfied that reasonable questioning from Starling would have brought the scam to light, the fact that Ms V had received a small amount in profit at that stage and that she was paying her own cryptocurrency account would not, in my mind, have overridden the red flags that I think Starling could have uncovered. All it would have needed to ask was how she found the investment, which I think is a question I would reasonably expect to be asked when someone says they are investing, and it would have become clear that this was unlikely to be a legitimate investment scheme.

Turning to Starling's comments on whether Ms V should bear any responsibility for her loss, I can understand Starling's point of view here. But, given that Ms V appears to have been an inexperienced investor, and considering the information she had at the time, I don't find that she should be considered as contributorily negligent here.

In light of the above, my findings remain as set out in my provisional decision, I am satisfied that Starling should reimburse Ms V's loss from the £5,000 payment onwards, and that Ms V should not share responsibility for that loss.

Putting things right

I think that Starling should have prevented Ms V's loss from and including the payment for £5,000 on 18 May 2022. In calculating fair redress I've taken into account that Ms V received money back that she understood to have been 'profit/return' from her investment. Given Ms V was falling victim to a scam and her 'investment' wasn't genuine, I don't think this money should be attributed to any specific payment. Instead, I think this money should be deducted from the amount lost by apportioning it proportionately across all of the payments Ms V made to the scam. This ensures that these credits are fairly distributed.

To work this out, Starling should take into account all of the payments Ms V made to the scam, which were set out in detail in the Investigator's view.

In this case, the 'profit/returns' received equals £6,910.53 and the total amount paid to the scam equals £11,313.09. Starling should divide the 'profits/returns' by the total amount paid to the scam. This gives the percentage of the loss that was received in 'profits/returns'. Deducting that same percentage from the value of each payment after and including the payment made on 18 May 2022 gives the amount that should be reimbursed for each payment.

Here the 'profit/returns' amount to 61% of the total paid to the scam. It follows that the outstanding loss from each payment after and including the payment on 18 May 2022 should be reduced by the same percentage. That means Starling should reimburse 39% of each payment after and including the payment on 18 May 2022.

Please note that, for ease of reading, I've rounded the relevant percentages to whole numbers, but Starling should perform the calculation I've set out above to arrive at a more precise figure, as I have done to arrive at the figure below.

After taking the steps set out above, I calculate Ms V's outstanding loss from these payments to be £3,891.56.

Starling should reimburse this amount to Ms V, plus 8% simple interest per annum from the date of each payment 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 Ms V to accept or reject my decision before 9 October 2025.

Sophie Mitchell
Ombudsman