

The complaint

Mrs B has complained that Starling Bank Limited won't refund the money she lost in what she says was a scam.

What happened

Between summer 2020 and summer 2021, Mrs B sent around £24,000 in card payments from her Starling account to her own account at a cryptocurrency exchange.

In 2024, Mrs B complained via representatives. She said she sent the money as part of an investment scheme which she said turned out to be a scam. Starling agreed they should've intervened on the final, largest payment, and paid Mrs B over £12,000. They also paid £400 total compensation for the delays in dealing with the complaint.

Mrs B came to our service. Her representatives said she was unable to provide any communications, documents, screenshots, crypto account statements, or other relevant evidence that these payments related to a scam.

Our Investigator looked into things independently and thought Starling had already resolved things fairly. Mrs B's representatives asked for an ombudsman's final decision, so the complaint's been passed to me to decide.

I sent Mrs B and Starling a provisional decision on 27 August 2025, to explain why I didn't think the complaint should be upheld. In that decision, I said:

I'm sorry to hear that Mrs B might possibly have lost money to a potential scam. But I'm afraid it's not clear whether Mrs B really did fall victim to a scam here. I've not been given any evidence which substantively links Mrs B's payments to any scam. For example, I've not been given records of any contact with scammers, nor any documents sent to Mrs B as part of the alleged scheme, nor any record of what she did with the money she sent to her crypto accounts, nor anything else which shows she sent money in relation to a scam. All I can see is that Mrs B made some payments to her own crypto wallet. For all I know, those funds are still available to her, or were used to purchase goods or services she received, and so on.

So I don't currently have sufficient evidence that Mrs B was scammed, or that she suffered any relevant loss here. Which means I can't fairly hold Starling liable for any such loss.

With that said, even if I were to conclude that this was a scam, and that Mrs B suffered a relevant loss – despite the lack of evidence – I'm afraid I still couldn't reasonably tell Starling to pay her anything more. I'll explain why.

It's not in dispute that Mrs B authorised the payments involved. So although she didn't intend for the money to end up with what she now says were scammers, under the Payment Services Regulations she is liable for her own payments in the first instance. And broadly speaking, Starling had an obligation to follow her instructions – the starting position in law is that banks are expected to process payments which a customer authorises them to make.

Starling should have been on the lookout for payments which could be the result of fraud or scams, to help prevent them. But a balance must be struck between identifying and responding to potentially fraudulent payments, and ensuring there's minimal disruption to legitimate payments. I've thought carefully about whether Starling should have done more in Mrs B's case.

I agree with our Investigator that Starling should've intervened on the final, largest payment, not least given its size and the rapid declined payments which preceded it. But I don't think Starling needed to intervene earlier than that. The earlier payments were very spread out over the months, such that no clear suspicious pattern formed. They were each not quite so remarkably large compared against this account's balance and some of Mrs B's other recent spending, including her five-figure payments. They were authorised by the genuine customer in her mobile app to an account of her own. And while they were going to her crypto wallet, which presented a higher risk, banks weren't quite as on notice about crypto scams back then as they were in later years. So in Mrs B's particular circumstances, it seems fair to say that Starling only needed to intervene on the final payment.

Further, even if I agreed with Mrs B's representatives that Starling should've intervened at the point of the third payment, and that such intervention would've most likely worked, I'd still have no reasonable basis on which to make any further award.

That's because I'd also need to take into account Mrs B's role in what happened in the alleged scam. And while I appreciate that she said she'd been recommended this scheme by a friend, from what she's told us she didn't look into the scheme at all or take any reasonable measures to check this was genuine. From Mrs B's own testimony, it seems she didn't have a reasonable basis to believe what she was being told about the scheme and the unrealistic returns on offer. And just a quick search would've revealed scam warnings – and even a warning from the regulator – which pre-dated her payments. So I wouldn't have been able to hold Starling solely liable for the alleged loss. At most, I would've found that they were liable for 50% of that loss from the third payment on.

This is important, because from what I can see Starling also found Mrs B to have been negligent. But it seems they forgot to deduct 50% from their refund of the final payment. And the final payment was so large relative to the others, that Starling's refund of 100% of the final payment was actually worth a larger amount than 50% of the loss from payment 3 onwards. As such, even if I were to have concluded that Starling should've intervened at the point of payment 3, they've already overpaid Mrs B the relevant redress.

I've then considered what Starling did to try to recover the money after Mrs B alleged this was a scam. As these were card payments to Mrs B's own crypto account, they were not covered by the CRM Code for scams. It wasn't possible for Starling to recover any funds that Mrs B had already sent on from her crypto account, and any funds remaining in Mrs B's own crypto account would still be available in her name, so there was nothing more for Starling to do there. By the time Mrs B told Starling she thought this was a scam, it was far too late to do a chargeback, and in any case there was no chargeback reason which would've been appropriate here. A chargeback would've been a claim against Mrs B's own exchange rather than the alleged scammers. And the exchange provided the service they were supposed to. So there was no realistic prospect of success for a chargeback. And I'm afraid there was nothing more that Starling could've reasonably done to get the money back here.

Finally, I've considered the trouble and upset involved here. I appreciate that it can be very distressing to be scammed, so if Mrs B was scammed then she has my sympathy. But it would be the scammers who'd be primarily responsible for their own scam and the resulting distress, rather than Starling. I do see that it took too long to deal with Mrs B's complaint, which may have added on some acute stress – though a major factor of that seems to be that Mrs B's representatives didn't answer the relevant questions Starling were asking. In any case, Starling have already paid £400 total compensation for their handling of the complaint, which is more than what I would have awarded. So again, I have no fair or reasonable basis on which to make any further award.

I said I'd consider anything else anyone wanted to give me – so long as I received it by 10 September 2025.

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 response to the provisional decision, Starling didn't add anything further. Mrs B's representatives made the following arguments.

The representatives argued that Starling had somehow set some sort of precedent by refunding some of the loss. But that's not how this works. In paying Mrs B a partial refund – and indeed, overpaying it – Starling did not set a precedent in any meaningful way. Banks can and do sometimes overpay redress as goodwill gestures or even in error. Doing so does not retrospectively make them liable for something which they were not actually liable for in the first place. We can think of it this way: let's imagine Mrs B paid someone too much money in error. I'm sure Mrs B wouldn't think it was fair if the recipient then tried to argue that Mrs B's mistaken overpayment must somehow retroactively mean that Mrs B owed them that extra money. Further, my assessment of the case is made independently of Starling's, and my decision effectively overrules Starling's complaint response.

The representatives also argued that it was disproportionate for us to ask Mrs B to prove she was victim to a scam. But we didn't ask her to prove it. We just asked for evidence which reasonably substantiates it. I've not been given any evidence which actually substantively links Mrs B's payments to any scam. As explored above, Starling mistakenly overpaying her doesn't somehow retroactively show that Mrs B was scammed. And plenty of payments are made to people's own crypto accounts outside of scams. For all I know, the funds are still in Mrs B's crypto account, or were sent to another account of hers or to an acquaintance, or were used to buy good or services, and so on. I cannot fairly or reasonably hold Starling liable for an alleged scam loss when I have nothing to substantiate that any relevant loss even took place. The representatives' suggested approach would allow people to simply send money to their own crypto accounts, falsely claim they were scammed with no substantive evidence, and effectively double their money. That approach would be neither fair nor reasonable.

The representatives felt that Starling failing to intervene on the last payment somehow meant they should've intervened on *all* the payments. But it seems they've not understood the relevant considerations. Banks are not required to intervene on every single payment that every single customer ever makes. That would drag the entire banking system to a standstill. Indeed, the starting position in law is that banks are expected to process payments which a customer authorises them to make. And fraud monitoring must be balanced against ensuring there's minimal disruption to legitimate payments. I'd only expect Starling to have intervened on payments which were particularly remarkable for this particular account. It would be illogical for me to conclude that Starling should've intervened on payments that weren't sufficiently remarkable just because a remarkable one was made several months later. While Starling may have many functions, seeing the future isn't one of them – they won't know that un concerning payments will be succeeded by a concerning one months after. They would only be expected to intervene on sufficiently concerning payments.

Here, I found that – assuming that the money really was lost to a scam – the only payment Starling would've needed to intervene on was the final payment. The representatives felt that the earlier payments should've also been concerning, and that the only difference was size. But the size was very relevant, the difference in size was very significant, and it wasn't the only factor – for example, the final payment was made rapidly after a series of declines. Whereas the earlier payments were very spread out, formed no clear suspect pattern, were not remarkably large for this account, were authorised by the genuine customer to an account of her own, and didn't present a high enough risk even if they were going to a crypto site, not least given that banks weren't quite as on notice about crypto scams back then as they were in later years. And again, this is all academic, since no evidence has been provided which substantiates that any of these payments were lost to a scam, so Starling weren't liable to refund any of them in the first place.

The representatives also felt that Starling's full refund of the final payment should be applied across the board. But as explored before, my assessment of this case takes precedent over Starling's. Starling's complaint response did not set a meaningful precedent here in the way the representatives suggested. And as I set out in the provisional decision, even if I did have enough to say that there was a relevant scam loss, and even if I thought Starling should've intervened earlier – at payment 3 at the absolute earliest – then Mrs B's negligence means that I could only hold Starling liable for 50% of that loss at the absolute most. And that redress would be worth less than the redress Starling already paid. So there'd still be nothing left to pay and no fair or reasonable basis on which to make any further award.

So having reconsidered the case, I've come to the same conclusion as before.

My final decision

I do not uphold this complaint.

This final decision marks the end of our service's consideration of the case.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs B to accept or reject my decision before 9 October 2025.

Adam Charles
Ombudsman