

The complaint

Mr W complains that Starling Bank Limited (Starling) won't refund the money he lost to a scam.

What happened

The background of this complaint is well known to all parties, so I won't repeat everything here.

In short, Mr W fell victim to a safe account scam in November 2024. He received a call from someone who said they worked for Starling. The caller advised Mr W that his account was at risk, and that he needed to move his funds. He advised Mr W he would receive protection from the Financial Services Compensation Scheme if he purchased gift cards using the funds in his account. He would then be given a new account number.

Mr W purchased two gift cards for £750 each and used his Starling card to pay for them. Mr W became suspicious about what he was being asked to do when purchasing his third gift card and contacted Starling. It confirmed he had been the victim of a scam.

Mr W raised a complaint with Starling. It didn't think it had done anything wrong by allowing the payments to go through. So, Mr W brought his complaint to our service.

Our Investigator looked into the complaint but didn't uphold it. She didn't think the payments Mr W made were unusual and so she didn't feel Starling should have identified a scam risk. Mr W didn't agree so the complaint has now been passed to me for a review and 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.

Having done so, I've reached the same outcome as our Investigator, and for the same reasons.

I'm aware that I've summarised this complaint briefly, in less detail than has been provided, and in my own words. No discourtesy is intended by this. Instead, I've focussed on what I think is the heart of the matter here. If there's something I have not mentioned, it isn't because I have ignored it. I haven't. I'm satisfied I don't need to comment on every individual point or argument to be able to reach what I think is the right outcome. Our rules allow me to do this. This simply reflects the informal nature of our service as a free alternative to the courts.

I've thought about the Contingent Reimbursement Model Code (CRM Code) which can offer a potential means of obtaining a refund following scams like this one. However, these payments aren't covered by the CRM Code. This is because it doesn't cover debit card transactions. The mandatory reimbursement scheme introduced by the Payment Systems Regulator which came into force in October 2024 also doesn't apply to card transactions.

I've therefore considered whether Starling should reimburse Mr W under any of its other obligations.

In line with the Payment Services Regulations 2017, consumers are generally liable for payments they authorise. Starling is expected to process authorised payment instructions without undue delay. But in some circumstances a bank should take a closer look at the circumstances of the payments – for example, if it ought to be alert to a fraud risk, because the transactions were unusual, or looked out of character or suspicious. And if so, it should intervene, for example, by contacting the customer directly, before releasing the payments. But I'd expect any intervention to be proportionate to the circumstances of the payment.

Starling didn't identify that Mr W might be at risk of financial harm from a scam when he made the disputed payments. So, I need to decide if the transactions were concerning enough that I would have expected it to have had a closer look at the circumstances surrounding them. But I also need to keep in mind that banks such as Starling process high volumes of transactions each day, and that there is a balance to be found between allowing customers to be able to use their account and questioning transactions to confirm they are legitimate.

I've reviewed Mr W's account statements, and I can't conclude that the payments made to the scam would have looked particularly unusual or suspicious to Starling. A customer making some larger payments, compared to their usual spending is not uncommon. Both the payments made were relatively modest, so I can't say Starling should have been particularly concerned about them or that they would have presented an obvious scam risk in value alone. I also don't think there was an obvious risk based on the destination of the payment which Starling should have picked up on.

Taking all of this into consideration, I don't think Starling ought to have done more before following the instructions Mr W gave.

Could Starling have recovered Mr W's funds?

There are industry standards around attempting recovery of funds where a scam is reported. So, I've also thought about whether Starling could have done more to recover the funds after Mr W reported the fraud.

It's possible to dispute a debit card payment through a process called chargeback, which can sometimes be attempted if something has gone wrong with a debit card purchase, subject to the relevant card scheme's rules. Starling didn't think a chargeback would have been successful in the circumstances, which I agree with. This is because Mr W received the service he paid for when purchasing the gift cards.

I'm sorry to hear Mr W suffered a financial loss as a result of what happened. But it would only be fair for me to direct Starling to refund his loss if I thought it was responsible – and I'm not persuaded that this was the case. For the above reasons, I think Starling has acted fairly and so I'm not going to tell it to do anything further.

My final decision

For the reasons I've explained, I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 10 October 2025.

Aleya Khanom
Ombudsman