

The complaint

Mr A complains that Starling Bank Limited won't refund the money he lost when he was overcharged by a merchant abroad.

What happened

The circumstances that led to this complaint are well known to the parties, so I won't repeat them in detail here. In summary:

Mr A was abroad and arranged transport back to his hotel through a ride sharing service. Mr A says that upon arrival at the hotel, the driver said he needed to cancel the trip as the payment wasn't working, and he requested payment of €9 in cash instead. Mr A only had cards with him. He explains that the driver took out a card machine and told him he needed to pay the fare by chip and PIN as the contactless facility wasn't working.

Mr A tried to make the payment, but says the driver told him it had repeatedly failed. Mr A has told us that he didn't receive any receipts. Mr A explains the driver snatched his phone from him and said he wouldn't return it until he obtained cash from a cash machine. Mr A explains that the driver drove off with his phone when he got out of the car.

Later that morning, Mr A discovered that eight card payments totalling just over €2,350 had been made from his Starling account to two different merchants. Mr A reported the matter to Police in the UK and abroad. Mr A also contacted the payment processor that facilitated the transactions. The payment processor was able to reverse all but one of the payments as those transactions had not settled. Mr A wants Starling to refund the transaction of €650 that went through.

Starling declined the claim. In its final response it said the payment was not fraudulent because Mr A had made the payment himself using his card and PIN.

Unhappy with the bank's position, Mr A referred the matter to us. Our Investigator didn't uphold the complaint. She explained the payments were technically authorised by Mr A, even though he was under duress at the time. She explained that the transactions were not unusual or out of character spending for him so she wasn't persuaded that Starling should have intervened. She also said that even if Starling had contacted Mr A, she wasn't persuaded that he would have been able to communicate openly with the bank in order to prevent the transactions given that he felt under threat at the time.

Mr A didn't agree. He said it was baffling that a clear fraud and scam had taken place and he's not protected, even though it's been acknowledged that he's a victim. He felt that the amount in dispute was a nominal sum for a large corporate organisation like Starling and the time and resource that has been utilised in considering this matter far exceeds the amount he's claiming. He thought the pattern of spending was suspicious and didn't agree that whether he would have been able to communicate or not was relevant because Starling should have contacted him at the time and it did not.

As no agreement could be reached, the complaint has been referred to me.

My provisional decision

On 26 November 2025, I issued my provisional decision. Although I agreed with our Investigator's position not to uphold the complaint, my reasoning for doing so was expanded.

In my provisional decision, I said:

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 am currently minded not to uphold it. I know this is going to come as very disappointing news to Mr A so I will explain why I consider this outcome is fair and reasonable in the circumstances.

There's no question the amount charged for this taxi journey is high. I've seen the report Mr A made to the local Police and I do appreciate his position is that he's been the unwitting victim of sharp practice from an unscrupulous driver. But unfortunately, that alone isn't enough for me to say Starling must take responsibility for refunding the loss. The question I have to decide isn't whether Mr A has been the victim of a scam, it is whether Starling has any responsibility for refunding the loss.

When an account holder raises concerns about a card transaction, I'd expect their card issuer to look into the situation further to see whether it has any responsibility for refunding the amount in dispute. It may need to provide a refund if its customer didn't authorise the transaction, or if it didn't intervene in the payment to check it was one its customer wanted to make when it ought fairly to have done so and that intervention would have prevented the disputed spending from taking place. In some circumstances, a card issuer can ask for a transaction its customer made to be refunded through the chargeback process operated by the card scheme.

I have considered whether Starling has treated Mr A fairly by declining his claim for a refund. I'll address each potential avenue of redress for Mr A in turn and explain why it isn't applicable on the circumstances here.

Was the transaction authorised?

First, Mr A, in line with the Payment Services Regulations 2017 and the terms of his account, is generally responsible for transactions made using his payment tools which he authorises. Authorisation here carries a narrow meaning – that is to follow all of the steps necessary to complete the payment, regardless of whether the circumstances surrounding it are known.

Here, Mr A doesn't dispute that he used his card and entered his PIN when he made the transactions in the taxi. The fact Mr A was being deceived and he believed the payments to be for another, much lower, amount does not invalidate that authorisation. So, as a starting point, Starling can hold Mr A responsible for the payments that he made.

Should Starling have intervened in the transaction at the time?

I've thought very carefully about the points Mr A has raised around the pattern of the spending and whether it should have been flagged by Starling's fraud detection systems. Mr A is clear that he considers Starling should have intervened at the time and by not doing so it has failed to protect him from financial harm.

I agree that Starling should fairly and reasonably have had systems in place to look out for unusual transactions or other signs that might indicate that its customer was at risk of fraud

(among other things). And in some circumstances, irrespective of the payment channel used, have taken additional steps, or make additional checks, before processing a payment, or in some cases declined to make a payment altogether, to help protect customers from the possibility of financial harm from fraud. But firms like Starling also need to strike a balance between the extent to which they intervene in payments to try and prevent fraud and financial harm against the risk of unnecessarily inconveniencing or delaying transactions. Millions of card payments are made daily, and it wouldn't be possible for a card issuer to individually monitor each one. A lot of these processes are automated and decisions about whether to allow transactions or not have to be made in real time. This means I have to assess whether the disputed spending seemed unusual enough for Starling to have had concerns, considering how it looked in appearance and what Starling knew about the payments at the time.

This is a difficult position to assess. I accept the transactions happened in quick succession and they were made to two merchants that Mr A had got no previous transaction history with. But Mr A's account statements show the amounts were not out of step with the amounts he had been known to spend when he generally makes transactions and he's used the card abroad before, so I don't consider the fact the card was being used in another country ought to have concerned Starling in and of itself either. This is a finely balanced judgment call, and I have to think about how the risk overall would have appeared to Starling at the time the transactions were being made, without the benefit of hindsight. Overall, I don't think the pattern of spending was unusual or suspicious enough that Starling ought to have intervened or declined it at the time that it was made.

Even if I were to agree that Starling should have done more, I would then have to consider, on balance, whether that intervention would have prevented Mr A from incurring some or all of the loss. For clarity, I am not finding that Starling should have done more in this case, but I am addressing this point because Mr A specifically highlighted it in response to our Investigator.

Mr A stated he felt threatened in the situation. This is entirely understandable. He's told us he was alone in a foreign country on a side road near the back of his hotel. I think anyone would have felt vulnerable if they were in his shoes. But I don't think it was unreasonable for our Investigator to have been mindful that he may have been placing himself in danger by attempting to challenge the payments or explain the situation at the time it was unfolding.

Chargeback

A chargeback is the process by which payment settlement disputes are resolved between card issuers and merchants, under the relevant card scheme (in this case Mastercard's) rules. What this means is that Starling can in certain circumstances ask for a payment made to be refunded.

A chargeback isn't guaranteed to result in a refund. There needs to be a right to a chargeback under the card scheme rules and under those rules the merchant can defend a chargeback if it doesn't agree with the request.

There is no obligation for a card issuer to raise a chargeback when a consumer asks for one. But I would consider it good practice for a chargeback to be attempted where the right exists and it is reasonable to do so.

But Mr A has told us that he wasn't given any receipts for the transactions. This means he doesn't have the supporting documentation as to what the correct fare should have been as is required by the card scheme rules. Without this documentation, all the merchant or merchant's bank needed to do was respond advising Starling hadn't supplied the

documentation needed to meet the chargeback requirements and the chargeback would have been rejected.

As such, I'm satisfied that Starling didn't make any errors by not disputing this payment through the chargeback scheme as I don't think there was any reasonable prospect of a chargeback succeeding. I say this because I agree that the card scheme rules require Mr A to provide supporting evidence of what the correct transaction amount should have been. Mr A's testimony of what the fare should have been or a common-sense approach to the cost of a metered fare for a journey of this distance is not sufficient to meet the card scheme's rules. I think it is more likely than not that a chargeback that was presented without the required supporting evidence would have been considered invalid.

Overall

I have every sympathy for Mr A as the particular circumstances of this case mean he is afforded little protection and I know my outcome will not feel fair to him when he's lost out financially. But, having considered these matters carefully, I can't fairly say that Starling must refund this payment when the relevant law, rules and codes of practice do not place that responsibility on it. As such, I can't agree Starling made a mistake by declining Mr A's claim.

Responses to my provisional decision

Mr A was the first to respond to my provisional decision. He was extremely disappointed with the outcome and felt it was inequitable. He said the provisional decision still refers to the series of payments being made in quick succession being in line with his spending habits. He strongly disputed this and felt no evidence had been provided to support this.

Starling responded to say it accepted the provisional decision.

As both parties have responded, I must now go on to make my final 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 am sorry to have to disappoint Mr A. I know this outcome doesn't feel fair to him. But the very nature of my role as an impartial and independent decision maker means I have to reach outcomes which will inevitably disappoint one side or the other.

I've thought again about what Mr A has said about the pattern of spending and what he's said about how it stands out compared to how his account typically ran. I agree with him that these payments were made in quick succession. But that, in and of itself, isn't enough for me to say that Starling should have intervened or that Starling's intervention would have prevented Mr A's loss. I have to think about how the risk overall would have appeared to Starling at the time the transactions were being made, without the benefit of hindsight.

Overall, I still don't consider the pattern of spending was unusual or suspicious enough that Starling ought to have intervened or declined it at the time that it was made. The disputed payments were not significantly larger than the card transactions Mr A typically made, and they didn't drain his available account balance. As such, I don't consider I can fairly say that Starling missed clear opportunities to challenge the payments at the time they were being made.

For the reasons I've explained in my provisional decision (which is outlined above and forms part of this final decision), it remains the case that I cannot fairly hold Starling responsible for refunding this payment when the relevant law, rules and codes of practice do not place that responsibility on it.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 30 December 2025.

Claire Marsh
Ombudsman