

The complaint

M, a limited company, complains that Starling Bank Limited ('Starling') won't refund the money they say was lost as the result of a scam.

Mr A, a director, brings the complaint on M's behalf.

What happened

Mr A was introduced to an individual who I'll refer to as Z. Z offered investment through the sale and purchase of gold, using his company which I'll refer to as L.

Mr A says Z was recommended by someone who had used his services before. He says the prices he was quoted for the gold purchase, was in line with the daily gold price, and he expected to get between 10% to 20% return per year.

These are the payments that M made to L.

Date		Details of transaction	Amount
14.9.2020	1	Payment to L	£24,785.00
7.5.2021	2	Payment to L	£4,727.00
28.5.2021	3	Payment to L	£4,568.60
25.6.2021	4	Payment to L	£4,175.71
19.9.2021	5	Payment to L	£4,145.04
3.11.2021	6	Payment to L	£4,225.11
16.11.2021	7	Payment to L	£4,520.80
25.11.2021	8	Payment to L	£5,449.29
17.12.2021	9	Payment to L	£4,386.49
11.1.2022		<i>Credit from sale of 800g from portfolio</i>	<i>£35,054.25 cr</i>
2.2.2022	10	Payment to L	£43,300.00
27.6.2022	11	Payment to L	£4,858.10
3.1.2023	12	Payment to L	£4,887.40

In January 2022, M sold some of their gold portfolio with L and received the payment shown in the table above.

Mr A says that for over a year Z has provided excuses as to why he can't return M's money.

In September 2024, Mr A raised a fraud claim with Starling, asking that they refund M. Starling declined to refund, saying L is still an active business and M has received some of their money back.

Mr A wasn't happy with Starling's response, so he brought a complaint to our service.

An investigator looked into M's complaint but didn't uphold it. The investigator wasn't satisfied that M had proven they were a victim of an APP scam as defined by the Contingent Reimbursement Model Code (CRM Code), so Starling weren't liable for their loss.

Mr A disagreed with the investigator's opinion and asked for an ombudsman to review the case. Mr A says M received no paperwork, contracts or receipts which a genuine business would've provided. He also referred to a police investigation.

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 realise that M has suffered a financial loss. But, I'm not making a decision as to whether Z or L owes M money, I'm deciding whether Starling can fairly be held liable for that loss.

In deciding what's fair and reasonable in all the circumstances of a complaint, I'm required to take into account relevant: law and regulations; regulators' rules, guidance and standards; codes of practice; and, where appropriate, what I consider to be good industry practice at the time.

Where there is a dispute about what happened, and the evidence is incomplete or contradictory, I've reached my decision on the balance of probabilities. In other words, on what I consider is more likely than not to have happened in light of the available evidence.

In broad terms, the starting position at law is that a bank such as Starling are expected to process payments and withdrawals that a customer authorises it to make, in accordance with the Payment Services Regulations (in this case the 2017 regulations) and the terms and conditions of the customer's account.

Is M entitled to a refund under the CRM Code?

Starling have signed up to the CRM Code, which requires firms to reimburse customers who have been the victims of Authorised Push Payment (APP) scams. But the CRM Code does not apply to private civil disputes, and defines what is considered an APP scam as, *"where the customer transferred funds to another person for what they believed were legitimate purposes, but which were in fact fraudulent"*.

In order to decide whether the circumstances under which M made the payments meets the definition of an APP scam, I need to consider:

- The purpose of the payments and whether M thought this purpose was legitimate.
- The purpose L had in mind at the time of the payments and whether this was broadly in line with what M understood the purpose to be.
- And, if I decide there was a significant difference in these purposes, whether I'm satisfied that was as a result of dishonest deception.

M was making payments to L for the purchase of gold. I haven't seen anything that suggests M didn't think this was a legitimate purpose, especially as Z/L had been recommended to them.

So, I've gone on to consider what purpose L had in mind and whether it was in line with what M thought.

In reaching an answer on what purpose L had in mind, the key information to this case is:

- L have been a UK incorporated company since November 2019. While there was a notice of strike-off action in October 2021, this was discontinued the same month, and L is still an active company. This suggests that L had been trading for a period of time prior to M making their first payment. Also, M was recommended L by someone who had previously invested, which suggests L were operating legitimately.
- Mr A has provided a letter that confirms he is a witness in a court case, which includes Z as a defendant. However, the letter only refers to an assault that Mr A suffered. There is no evidence from the police that shows an investigation or charges against Z or L in relation to the investment M is complaining about. Or any evidence that shows what L's intent was at the point M made their payments, or that L didn't use M's funds for the intended purpose.
- Mr A has made a number of allegations, but there is little evidence to support these claims. He says that a genuine business would've provided paperwork, contracts and receipts in relation to the gold he purchased. However, this point by itself, doesn't show that L didn't purchase the gold as expected by M. Especially as M was returned over £35,000 in relation to the sale of 800g from their portfolio.
- We've received third party information from the receiving bank which I can't share with M under data protection laws. But this evidence doesn't support that M's funds weren't used for the intended purpose or that M was the victim of an APP scam.
- It's possible that L has suffered financial difficulties or the company has been mismanaged. But this doesn't necessarily mean that M was the victim of an APP scam. Especially if it happened after M had made their payments.

I appreciate that M hasn't received their funds back, but they haven't proven that L didn't use their funds for the intended purpose, or that L obtained the funds by dishonest deception. It's possible that material new evidence may come to light at a later date, which shows L's intentions at the time M made the payments, for example, from the police or Trading Standards. If that happens, M can ask Starling to reconsider their claim.

I'm sorry to disappoint Mr A, but I'm not satisfied that the evidence supports that M was the victim of an APP scam as defined by the CRM Code. So, their payments aren't covered by it.

Is there any other reason that I could hold Starling liable for M's loss?

There is an expectation for Starling to be on the lookout for, and to protect its customers from, potentially falling victim to fraud or scams. This includes monitoring accounts and identifying suspicious activity that appears out of character. Where potential fraud is identified, I would expect Starling to intervene and attempt to prevent losses for the customer.

But, even if I was satisfied that Starling should've intervened when M made their payments, I'm not persuaded that M's loss would've been prevented. I say this because all of the information available to M suggested that L were operating a legitimate business. They were a UK incorporated company and were recommended to Mr A by someone who had previously invested. So, if Starling had asked questions about the payments M was making, I'm not satisfied that Starling would've been concerned or identified a potential risk of financial harm from fraud. On that basis, I'm not satisfied that I can fairly say Starling would've prevented M's loss.

I'm really sorry that M has suffered a significant loss. But, based on the evidence, I'm not satisfied that I can fairly hold Starling liable or ask them to refund M.

My final decision

My final decision is that I don't uphold this complaint against Starling Bank Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask M to accept or reject my decision before 18 November 2025.

Lisa Lowe
Ombudsman