

The complaint

Mrs S is unhappy Starling Bank Limited (“Starling”) hasn’t reimbursed her after she fell victim to an impersonation scam.

What happened

The details of this complaint are well known to both parties, so I won’t go into too much detail again here. However, in summary, Mrs S has been the victim of a scam. She was tricked into authorising a card payment amounting to £1,836.74 from her Starling account to scammers in the belief that she was speaking with her bank and protecting her account from fraud. Mrs S believes that Starling should provide her with a refund of the amount lost.

Starling doesn’t agree that it could have done anything more than it did to protect Mrs S from the scam. It said the payment hadn’t raised any suspicions at the time it was made. And it wasn’t possible to retrieve Mrs S’s funds via chargeback as the funds had been sent to a genuine merchant who likely provided the service paid for – albeit to someone other than Mrs S.

Mrs S disagreed with what Starling said and brought her complaint to this service. One of our investigators looked into things.

Our investigator thought the complaint should be upheld. They agreed with Starling that there wasn’t anything about the payment that meant Starling should’ve questioned it at the time but they did think that Starling could’ve likely raised a successful chargeback on behalf of Mrs S and retrieved her funds.

Starling didn’t agree with the investigator’s findings and as an informal agreement could not be reached, the case has been passed to me for a 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.

In deciding what’s fair and reasonable, 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.

I’m really very sorry to hear about what’s happened to Mrs S. I have significant sympathy for the situation she has found herself in – I know she had this money ear-marked for something special. But having thought very carefully about what she’s told us happened at the time and Starlings’ actions, I don’t think it would be fair and reasonable for me to hold Starling liable for her loss. I’ll explain why.

It is accepted that Mrs S authorised the scam payment herself. So, although she didn't intend the money to go to the scammers, under the Payment Services Regulations and the terms and conditions of her account, Mrs S is presumed liable for her loss in the first instance. Where a valid payment instruction has been received, Starling's obligation is to follow the instructions that Mrs S has provided. However, there are circumstances where it might be appropriate for Starling to take additional steps or make additional checks before processing a payment in order to help protect its customers from the possibility of financial harm from fraud. An example of this would be when a payment is sufficiently unusual or uncharacteristic when compared with the usual use of the account.

In such circumstances, I'd expect Starling to intervene and ask some questions about the intended payment before processing it. So, I've first thought about whether the card payment Mrs S made could be considered out of character and unusual when compared with her usual account activity.

I don't think the payment was remarkable enough for it to have stood out to Starling and to have prompted further discussion. The payment is for a relatively modest amount and it isn't inherently suspicious when considering that it is quite common for customers to process transactions up to this amount on a daily basis. So, overall, I'm not satisfied that the scam payment should have stood out or looked so unusual when compared to Mrs S genuine account activity that it should've prompted further checks by Starling before it was allowed to leave Mrs S' account.

I have to stress that, at the time, Starling wouldn't have known that Mrs S was making the payment at the request of a scammer. It is now only with the benefit of hindsight that we know that the payment was being made as the result of a scam. Banks have to strike a balance between processing payments as per their customer's instructions and monitoring accounts for unusual and potentially harmful activity. And I don't think it would be fair to say that Starling should've identified the payment Mrs S made as suspicious enough to warrant further checks.

Recovery

Having reviewed all of the evidence available to me, I don't agree that it is more likely than not that Starling could've pursued a successful chargeback claim in Mrs S' circumstances. I say this because the payment in question has been authorised to what appears to be a genuine merchant. Therefore, in order to be able to raise a successful chargeback claim, Starling would need to provide the merchant with evidence that the service paid for had not been provided or was deficient in some way. And in this case, this evidence is not available.

So, I understand why in this case Starling felt that it couldn't raise a chargeback claim on Mrs S' behalf. And, even if a chargeback claim had been raised, I think it's more likely than not that it would've been successfully defended by the merchant as they more than likely would've provided the service that was paid for – in this case it appears that shoes were purchased.

So, even though Mrs S was tricked into authorising the payment and didn't receive a benefit from the service paid for, this doesn't mean that a chargeback would've been successful. I'm satisfied it's more likely that it wouldn't. Because of this, I won't be in a position to recommend that Starling refund Mrs S the money she lost now.

Finally, I want to say again that I am very sorry to hear about what has happened to Mrs S. But at the same time, I don't think her loss was caused by any specific failing on behalf of Starling. The fault here lies with the cruel and callous acts of the scammers themselves.

My final decision

My final decision is that I do not uphold this complaint about Starling Bank Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs S to accept or reject my decision before 27 October 2025.

Emly Hanley Hayes
Ombudsman