

## **The complaint**

Mr S is complaining about Starling Bank Limited because it declined to refund money he lost as a result of fraud.

## **What happened**

Sadly, Mr S fell victim to a cruel scam after he was introduced to an investment scheme by a friend. In September 2021, he used his business and personal accounts with Starling to make multiple card payments totalling around £77,000 to a cryptocurrency exchange, after which the currency purchased was transferred to the scammers. I understand he didn't receive any of his money back.

Our investigator didn't recommend the complaint be upheld. Mr S didn't accept that assessment. He maintains the investment scheme was a scam and believes the evidence he's provided is sufficient to show this is where his money ended up. He doesn't think the absence of a record of his communications with the scammer invalidates this and states that Starling should have intervened to prevent his losses.

The complaint has now been referred to me for review.

## **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 overall conclusions as the investigator. I haven't necessarily commented on every single point raised but concentrated instead on the issues I believe are central to the outcome of the complaint. This is consistent with our established role as an informal alternative to the courts. In considering this complaint I've had regard to the relevant law and regulations; any regulator's rules, guidance and standards, codes of practice, and what I consider was good industry practice at the time.

In responding to the investigator's assessment, Mr S also wrote about Starling's decision to close his account since the scam occurred and believes we should be considering the reasons it did this. I understand why he may have concerns about this, but I don't believe a consideration of Starling's later actions is relevant to the outcome of this complaint. And in any event, this issue wasn't part of his original complaint and he'd need to raise any concerns he still has directly with the bank in the first instance.

Turning to the issues raised in this complaint, it seems to be commonly accepted that the investment scheme Mr S has referred to was a scam. Further, the evidence he's provided indicates he was involved and despite some missing evidence, most notably a history of his communications with the scammers, I think it's most likely that this is where the payments he sent to the cryptocurrency exchange ended up.

There's no dispute that Mr S authorised these payments. In broad terms, the starting position at law is that a bank is expected to process payments a customer authorises it to

make, in accordance with the Payment Services Regulations and the terms and conditions of their account. In this context, 'authorised' essentially means the customer gave the business an instruction to make a payment from their account. In other words, they knew that money was leaving their account, irrespective of where that money actually went.

There are, however, some situations where we believe a business, taking into account relevant rules, codes and best practice standards, shouldn't have taken its customer's authorisation instruction at 'face value' – or should have looked at the wider circumstances surrounding the transaction before making the payment.

Taking these things into account, I need to decide whether Starling acted fairly and reasonably in its dealings with Mr S.

### *The payments*

I must take into account that many similar payment instructions Starling receives will be entirely legitimate and I also need to be mindful of its responsibility to make payments promptly. But having considered what it knew at the time, I'm persuaded it ought to have been concerned about these payments. Mr S made multiple high-value payments to an investment exchange in the space of around two weeks and this is a pattern consistent with many known types of scam and something Starling should have been aware of.

In view of the risks the payments presented, I think Starling should at some point have contacted Mr S to find out more about the circumstances of the payments with a view to identifying whether he could be falling victim to a scam and providing appropriate warnings. But it's my understanding that no such intervention was attempted.

To conclude that Starling should reimburse any of the payments, however, I'd also need to conclude that an appropriate intervention would have been successful in stopping Mr S from wanting to go ahead with the payments. And this is where the lack of evidence from the time, particularly his communications with the scammers, becomes especially relevant.

There are reasons for thinking an intervention by the bank may not have been successful. Mr S's original complaint set out a number of reasons why he was convinced by the scam. It says he carried out his own online research and didn't find anything negative about the company. It also says he was convinced by the company's professional-looking website and the fact he had his own account and needed to provide documentation to verify his identity when this was set up. In addition, I understand he was added to an online chat group with other 'investors' who were talking about their successes. And perhaps most importantly, the scam was recommended to him by a friend who had successfully withdrawn profits.

These were all reasonable grounds for Mr S to believe the scheme was legitimate and I don't think it's automatically the case that Starling would have been able to convince him otherwise. And without evidence of his communications with the scammers, including any other assurances and advice on how to respond if his bank did ask questions he may have been given, I don't think I can fairly make a decision that an intervention from the bank would likely have stopped him from wanting to go ahead with the payments.

I want to be clear that it's not my intention to suggest Mr S is to blame for what happened in any way. He fell victim to a sophisticated scam that was carefully designed to deceive and manipulate its victims. I can understand why he acted in the way he did. But my role is to consider the actions of Starling and, having done so, I'm not persuaded these were the cause of his losses.

### *Recovery of funds*

I've also looked at whether Starling could or should have done more to try and recover Mr S's losses once it was aware that the payments were the result of fraud.

The fact these were card payments to a cryptocurrency account in his own name means Mr S isn't entitled to a refund under the industry's reimbursement scheme. The correct method to attempt recovery of card payments is the chargeback scheme. But in making his complaint, Mr S says he didn't contact the bank until after he realised this was a scam in May 2022, by which time the normal timescale for making a chargeback claim had expired.

In any event, Mr S transferred funds to a legitimate cryptocurrency account in his own name. From there, he purchased cryptocurrency and moved it onto a wallet address of his choosing (albeit on the scammers' instructions). Starling could only try to recover funds from Mr S's own account and it appears all the money had already been moved on. If not, anything that was left would still have been available to him to access.

In the circumstances, I don't think anything that Starling could have done differently would likely have led to Mr S's money being recovered successfully.

#### *In conclusion*

I recognise Mr S has been the victim of a cruel scam and I'm sorry he lost this money. I realise the outcome of this complaint will come as a great disappointment but, for the reasons I've explained, I don't think I can reasonably conclude that any further intervention by Starling would have made a difference to the eventual outcome and I won't be telling it to make any refund.

#### **My final decision**

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 17 December 2025.

James Biles  
**Ombudsman**