

## **The complaint**

J, a limited company complains that Starling Bank Limited blocked payments it wanted to make from its account. It is also unhappy about the service Starling provided.

J's complaint has been brought to our service by its director, Mr M.

## **What happened**

The background to this complaint is well known to both parties, so I will just outline key events here.

J has a business account with Starling.

In summary, on 31 July 2025, Mr M attempted to make two payments totalling just over £5,000 from J's business account to his personal account held with a different bank.

Mr M has explained that the payments were his salary and a dividend payment that he makes regularly. But on this occasion he had switched accounts and requested the payments to be made to his new account. Mr M has said that the payments were time critical and the funds were needed to meet his mortgage payment and other financial commitments.

As the amount of the transfer was significant and the payment was to a 'new' payee, Starling's fraud prevention system blocked the payments. Starling requested Mr M to complete a security questionnaire and asked Mr M to contact them to verify the payments.

Mr M called Starling to find out why the payments had been blocked. Starling explained that the payments had been blocked due to additional security checks and told Mr M that it would arrange for a member of the payments review team to call him with a view to getting the payments sent.

Starling didn't call Mr M as promised. So, Mr M called Starling again at around 5.30pm. Starling told Mr M that it would escalate things. At approximately 7pm, Starling sent Mr M an in-app message advising him to retry the payments. Mr M said he was surprised that the message came via the app rather than the phone call he was told to expect.

The payments were unblocked without any further contact, which Mr M says contradicted what he was told earlier in the day — namely, that a phone call was required to proceed. Mr M went ahead and made the payments successfully.

Mr M complained to Starling. He said the inconsistency in Starling's communication caused him a great deal of stress and wasted his time. He said the risk posed to his financial commitments including a potential missed mortgage payment and bill payments caused him unnecessary anxiety.

In response, Starling said it hadn't done anything wrong. And had blocked the payments in line with the terms and conditions of J's account. And to comply with its legal and regulatory obligations. However, it accepted that its communication had been inconsistent and the

service it provided to Mr M had fallen below the standard he could have expected. Starling apologised and offered Mr M £60 compensation for the inconvenience this had caused him.

Mr M remained unhappy and referred J's complaint to this service where it was reviewed by one of our investigator's. The investigator didn't think Starling had done anything significantly wrong when it blocked Mr M's payments. But they agreed Starling's service had fallen short in the way it had communicated with Mr M during the review process. The investigator said Starling's offer of £60 was fair so they didn't recommend Starling needed to do anything further to resolve J's complaint.

Mr M disagreed. In summary he said:

- He had spent time trying to sort out progressing the payments with Starling which had taken him away from running his business.
- Starling failed to contact him as promised. And the lack of real-time support and consistent communication caused significant, avoidable stress and disruption.
- The payments are routine monthly salary and dividends to himself, with receiving details verified through name-matching services. There is no reasonable justification for flagging and blocking these payments. This unnecessary manual review caused avoidable delays and disruption, revealing weaknesses in Starling's fraud prevention and escalation processes.
- The amount of compensation offered doesn't adequately reflect the amount of inconvenience and upset he's suffered.

As no agreement could be reached the matter has come to me to decide.

### **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 come to the overall conclusion as the investigator. I realise Mr M will be disappointed by my decision, so I'll explain why.

I note Mr M is unhappy with Starling's fraud prevention system and the steps required to validate a payment. I'd like to explain to Mr M that it is not within this service's remit to tell a business how to run its security procedures. It is the regulator – the Financial Conduct Authority (FCA), who have the power to instruct Starling to amend its policies and procedures, if it finds Starling is doing anything wrong. But I acknowledge having such procedures in place can – on occasion, mean that legitimate payments get stopped. And I appreciate that this can cause distress and inconvenience to a customer – as it did for Mr M.

But it doesn't necessarily mean Starling has acted incorrectly as all banks and building societies have an obligation to try and keep their customers' accounts safe and prevent them from being victims of fraud. This generally means that a bank's fraud prevention system will flag unusual activity on an account – for example, large transactions and payments to new payees, for further security checks. And I've seen that Starling's account terms and conditions make provision for this.

I think it was reasonable that these transactions were flagged, given their overall value. Starling uses an automated system and, as I said, this Service will rarely interfere with reasonable security measures put in place by banks to protect both the bank and its

customers. And I'm satisfied the blocking of this particular transaction was a reasonable security measure.

I acknowledge Mr M's point that he was making payment to himself, which he regularly does, and that he had completed a security questionnaire to verify the payments. But Starling couldn't simply rely on Mr M approving the proposed payment – even when it was to another of his accounts. And it makes no difference to the outcome that Mr M had already passed initial levels of security when he'd logged into his account and authorised the payments.

It's not disputed that the details Mr M provided was a new account – after he'd recently switched accounts. Given this, I'm satisfied that Mr M was making a payment to a new payee. And given the amount involved, I don't find Starling acted unfairly when its automated fraud prevention system flagged the payments for additional security checks.

The relevant account terms and conditions, which Mr M would've agreed to in order to be able to use his account, allowed Starling to take this action in these circumstances. I'd still expect Starling to act in a fair and reasonable way – and I am satisfied that it did.

I can understand why Mr M was very eager not to have transactions declined – he had bills that were due to be paid the next day including his mortgage payment. And, to this end, I can hear from the call recordings provided to us by Starling that Mr M provided all the information he could about the payments at the time. However, I can also hear that the fraud team adviser told Mr M that, regardless of Mr M providing all the information, if the system identifies a transaction that it considers to be high risk, then it will flag that up and there is no way to stop that from happening. The adviser explained that the system was an automated one. So, I'm satisfied that Starling let Mr M know why its fraud prevention systems had identified his transaction for additional security checks.

Starling has acknowledged that it should have called Mr M as it told him it would. Instead, it sent Mr M an in-app message to let him know he could try to make the payments again. Mr M has said he was left waiting and had to take time away from his business to chase Starling about what was happening with the payments he urgently needed to make. To put things right Starling as offered Mr M, as director of J, £60 compensation.

Mr M says this isn't enough. He has explained that as a result of Starlings actions he was caused anxiety and worry. Especially as the payments needed to be made to meet his mortgage and bills. So, he wants to be compensated for this.

It might help if I explain the parameters our service must operate under for such compensation payments. I do have the power to make an award for distress and inconvenience a customer experiences, but the issue here is that Starling's customer is J, and it is not possible for J to suffer distress. But they can suffer inconvenience. I appreciate that Mr M has said he has felt personally distressed by the circumstances that led to the complaint, but that's not something I can consider.

I've taken on board the impact Starlings poor communication had on Mr M, as director of J. I haven't seen any evidence of how much time Mr M spent sorting out the issue with Starling – but I can see he made three phone calls. I've also kept in mind that I've not seen any evidence that J suffered a financial loss because of Starlings poor communications. So, it wouldn't be fair to ask Starling to pay compensation for something there is no evidence of.

In summary, taking our guidance into account, looking at the evidence as a whole and applying my own judgment, I'm satisfied that Starling's poor communication caused Mr M, as director of J, trouble. He had to put in extra effort to sort things out, which took him away from the running of his business. But the impact was short-term as the payments were sent

the same day, and I find the £60 compensation offered is fair and reasonable. So, I won't be asking Starling to do anything more in respect of this aspect of J's complaint.

### **My final decision**

For the reasons I've explained, I am not persuaded Starling Bank Limited needs to do anything else to put things right as the offer it has made is fair in all the circumstances. So, my decision is that Starling Bank Limited should pay J £60.

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

Sharon Kerrison  
**Ombudsman**