

The complaint

Miss P complains Starling Bank Limited recorded a marker against her on a fraud database. She doesn't think it's treated her fairly.

What happened

Miss P held an account with Starling. In May 2021, she received a payment from a third-party, through a bank transfer. However, the payment was reported as fraudulent to Starling.

Starling restricted the account and requested information to support why Miss P had received the payment and was entitled to the funds. She said it was from a family member to pay for a washing machine. Starling explained that it had received a claim from the sending bank and queried why a family member would raise a claim. Miss P said she didn't know and then said, the person was a long-time family friend, and that they'd sent her a link so that they could have the money in a different account. She apologised for saying the payment was for a washing machine but said it was easier to explain. Within this exchange, she mentioned the friend had hacked her account before and she believed they'd changed. She elaborated that the friend had approached her for a favour to buy cryptocurrency on their behalf because they didn't have a bank card, and that's why she also had the link to send the payment to. Later, she added that there had been a misunderstanding as the friend had told her there was confusion over the payment reference, but the sending bank will be contacted to reverse it.

Starling didn't find the explanation satisfactory in refuting the fraud report and filed a misuse of facility marker at Cifas, as it believed Miss P had been complicit in receiving fraudulent funds. It also closed the account. Miss P found out about the marker this year and complained that she'd not done anything to cause this.

She told Starling that she'd been coerced into carrying out the transactions by her ex-partner. Starling reviewed the information but didn't think it had made a mistake in the steps it had taken. Dissatisfied, Miss P contacted us and said the marker was affecting her financially and personally.

An investigator gathered as much information from both sides. Miss P said, her ex-partner had stolen from her and lied to her. She added that she was in a coercive relationship, where he'd got her to open bank accounts, and he'd carried out the disputed activity. She explained that she didn't have any information aside from reports she made to the Police and Action Fraud as she'd deleted any messages with him to help her move on. The investigator acknowledged what Miss P had said but didn't find it persuasive that she hadn't been directly involved in the payment. She noted Miss P had given contradictory information to Starling when it had first reached out to her about the payment and her account records indicated she was in control of the account.

Weighing everything, she concluded Starling had met the bar for loading the fraud marker. Miss P didn't agree. She reiterated it was her ex-partner and not her. He'd told her what to say. She highlighted the reports she'd made to the Police and Action Fraud about her ex-partner and submitted she'd been punished enough for four years. She pleaded the marker

be removed, noting it had two years to go.

The investigator confirmed she had considered the reports but there were some things that weren't clear. She added that she had requested more information about her ex-partner's involvement, but Miss P hadn't been able to provide anything further.

When the investigator didn't change her mind, the case was put forwards for a 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'm sorry to hear about how Miss P says the fraud marker is affecting her. I hope she's been able to get some support to help with how she's feeling. It's difficult not to be moved by what she's said but, in my role, I must look at the evidence objectively to reach my decision.

The marker that Starling has filed is intended to record that there's been a 'misuse of facility'— relating to using the account to receive fraudulent funds. To file such a marker, it's not required to prove beyond reasonable doubt that Miss P is guilty of a fraud or financial crime, but it must show that there are grounds for more than mere suspicion or concern. The relevant guidance says, there must be reasonable grounds to believe that an identified fraud or financial crime has been committed or attempted, and the evidence must be clear, relevant, and rigorous.

What this means in practice is that the business must first be able to show that fraudulent funds have entered Miss P's account, whether they are retained or pass through the account. Secondly, the business will need to have strong evidence to show that Miss P was deliberately dishonest in receiving the fraudulent payments and knew they were or might be illegitimate payments. This can include allowing someone else to use their account to receive an illegitimate payment. But a marker should not be registered against someone who was unwitting; there should be enough evidence to show complicity.

To meet the standard of proof required to register a fraud marker; the business must carry out checks of sufficient depth and retain records of these. This should include giving the account holder the opportunity to explain the activity on their account to understand their level of knowledge and intention.

So, I need to decide whether I think Starling has enough evidence to show fraudulent funds entered Miss P's account, and she was complicit. And I'm satisfied that it has. I'll explain why by addressing what I consider are the salient points.

Starling received a report, saying that funds which entered Miss P's account was because of a fraud. Looking at what was reported, I'm satisfied the bank had reasonable evidence of a scam and needed to make enquiries to meet its regulatory obligations to investigate such matters.

Starling contacted Miss P. It asked her to explain why she'd received the payment. After Miss P responded, Starling decided what she'd said wasn't satisfactory and so it decided to load the marker. It also decided to retain it, after reviewing the case following Miss P's complaint and further information.

I've looked at the circumstances and I'm afraid I haven't found Starling's position unreasonable. This is because what Miss P told Starling changed so significantly, which when taken with the fraud report wasn't enough to refute the allegation the bank had

received and if anything, this heightened its concerns. I have also seen that when the account was restricted, there were messages from Miss P about the freeze, so I think she had fair opportunity to tell the bank anything else which was relevant. I can't see she alerted the bank of a third-party having control of her account in the way that she says now, and the restriction wasn't an insignificant matter or the closure. So, I think it's reasonable she would have given details in these circumstances. In my decision making, I have considered what she's said about her ex-partner, and I've reviewed carefully the reports she's submitted, but there isn't enough there to persuade me the bank was wrong to do what it did, and Miss P hasn't been able to give us anything else either.

I know how much this matter means to her, and giving her disappointing news is difficult. I hope she's able to get support and the marker will fall off in 2027. Ultimately, I must look at what both sides have said and provided and consider the weight of the evidence. My conclusions are that I'm satisfied Starling had enough information to support its actions, with the report it received, and the responses Miss P gave about the funds. It follows that I don't find its actions were unfair to record the marker, maintain it and close the account (there's provision for that in the account terms and conditions). All things considered, I'm sorry but I won't be requiring any further action to be taken to resolve this complaint.

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 Miss P to accept or reject my decision before 24 December 2025.

Sarita Taylor
Ombudsman