

The complaint

Mr M, via a representative, has complained that Starling Bank Limited (“Starling”) failed to refund the money he lost as part of an investment scam.

What happened

The details of this complaint are well known to both parties, so I will not repeat everything again here. Instead, I will focus on giving the reasons for my decision.

In summary though, Mr M was added to a group chat on a messaging service that seemed to relate to crypto investments, but was actually a scam. I will call the scam company B.

Mr M then made over 20 payments to B. These were made by transfers to an account that Mr M held with a different provider. The funds were then sent to a crypto account converted into crypto and were sent to B. The payments made from Mr M’s Starling account totalled over £170,000 and took place between November 2024 and January 2025.

Mr M realised he had been scammed when he was unable to withdraw his profits without paying a series of additional fees. Mr M asked Starling to refund these payments, as he believes Starling should have done more to prevent him from being scammed in the first place. Starling did not agree with this.

One of our investigators looked into this matter and he thought that any intervention from Starling would not have stopped the scam. He said this because he believed that Mr M was under the spell of the scammer. He therefore did not uphold this complaint.

Mr M did not agree with this and therefore this case has been passed to me to issue 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.

Having done so, I agree with the conclusions reached by the investigator for the following reasons.

In deciding what’s fair and reasonable, I am required to take into account relevant law and regulations, regulators’ rules, guidance and standards, and codes of practice; and, where appropriate, I must also take into account what I consider to have been good industry practice at the time.

Where the evidence is incomplete, inconclusive or contradictory (as some of it is here), I reach my decision on the balance of probabilities – in other words, on what I consider is more likely to have (or would have) happened, in light of the available evidence and the wider circumstances.

In broad terms, the starting position is that Starling is expected to process payments and withdrawals that a customer authorises it to make. This should be in accordance with the Payment Services Regulations and the terms and conditions of the customer's account.

However, taking into account relevant law, regulatory rules and guidance, relevant codes of practice and what I consider to have been good industry practice at the time, I consider it fair and reasonable that Starling should:

- have been monitoring accounts and any payments made or received to counter various risks, including preventing fraud and scams;
- have had systems in place to look out for unusual transactions or other signs that might indicate that its customers were at risk of fraud (among other things). This is particularly so given the increase in sophisticated fraud and scams in recent years, which firms are generally more familiar with than the average customer;
- have acted to avoid causing foreseeable harm to customers, for example by maintaining adequate systems to detect and prevent scams and by ensuring all aspects of its products, including the contractual terms, enabled it to do so;
- in some circumstances, irrespective of the payment channel used, have taken additional steps, or made additional checks, or provided additional warnings, before processing a payment – (as in practice Starling sometimes does); and
- have been mindful of – among other things – common scam scenarios, how the fraudulent practices are evolving (including for example the common use of multi-stage fraud by scammers, including the use of payments to cryptocurrency accounts as a step to defraud consumers) and the different risks these can present to consumers, when deciding whether to intervene.

Firstly, I should explain that it has not been made entirely clear if Mr M was investing on his own behalf, or on behalf of his LTD company, as the funds originally came from a company account. But even if he were investing on his own behalf and the losses were personally his, I am not upholding this complaint. Let me explain why.

Starling did not intervene during the scam and I think it should have done on the first payment that Mr M made. But I don't think that a proportionate intervention would have stopped the scam.

I can see that the current account provider that the funds were sent to intervened during the first successful payment that Mr M made. This intervention initially consisted of written warnings based on the type of transaction that Mr M made. These warnings included many features of the scam that Mr M was actually falling for. These included a warning about downloading remote access software; that guaranteed profits are a sign of a scam; that legitimate investments are not arranged on group chats; that scammers use fake trading platforms; and that scammers ask you to send money from crypto wallets to new wallet addresses as part of the scam. It also gave him an advance warning that scammers often show fake profits on investment platforms and that scammers often then ask people to pay fees to release their "winnings".

This warning did not resonate with Mr M either at the time or later in the scam, despite him downloading software; having been told that certain trades would make profits of up to 60%; that he was introduced to the investment through a group chat and that he was sending funds from his crypto wallet to an investment platform. It also did not resonate with him later in the scam when he was being asked to pay fees in order to withdraw his profits.

The same provider then called Mr M to ask further questions. Mr M gave answers that were misleading which again prevented it from uncovering the scam. He said he had found the investment on his own; he said nobody that he had met online was guiding him; that the only guidance he was receiving was from his accountant who was telling him if he could afford to invest. He also insinuated that he was not sending the funds on from his crypto account and he was holding the crypto in place.

So had Starling intervened, I think the same thing likely would have happened that Mr M, seemingly knowing that if he gave accurate information, the payments would be stopped. So instead, it seems he provided answers designed to allow the payments to go through.

I think that Starling should have intervened later in the scam as well. But I think that the same thing would have happened. With this in mind, and given that Starling was only required to take proportionate steps to try and protect Mr M from financial harm, I'm not persuaded he would've shared anything concerning with Starling, had it questioned him more about what he was doing. So overall, I think that Starling should have intervened more than it did. But I do not think that this would have likely stopped or uncovered the scam or allowed Starling to provide a relevant warning that would have resonated with him.

I've also thought about whether Starling could have done more to recover the funds after Mr M reported the fraud. Starling are under no obligation to refund the money, as the Authorised Push Payment Reimbursement Scheme does not cover transfers to an account in the customer's own name.

I note that Starling paid Mr M £100 for the way it handled Mr M's complaint. I am unable to comment on this due to the fact that complaint handling in isolation is not a regulated activity.

I appreciate this will likely come as a great disappointment to Mr M, and I'm sorry to hear he has been the victim of a scam. However, whilst I have a great deal of sympathy for the situation that Mr M found himself in, I'm not persuaded that Starling can fairly or reasonably be held liable for his loss in these circumstances.

My final decision

For the reasons given above, I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 31 December 2025.

Charlie Newton
Ombudsman