

## **The complaint**

Mr M has complained that Starling Bank Limited won't refund the money he spent buying goods. He explained the goods didn't arrive, and says he was scammed.

## **What happened**

In summary, in 2025 Mr M saw some goods advertised on a social media marketplace. He messaged the private individual who was selling them.

At the individual's request, Mr M sent £160 via a card payment to Monzo. This meant £160 was paid by card from Mr M's Starling account to Monzo, with Monzo as the listed merchant. Then following that, Monzo sent £160 to the private individual's bank account.

Mr M has explained that the private individual did not send him the promised goods. He raised a dispute with Starling, saying he'd been scammed. Starling turned down the dispute, on the basis that this particular type of card payment was not covered under the relevant chargeback rules. Starling also explained it was not covered by Section 75 of the Consumer Credit Act, as it was not made using credit.

Mr M feels Starling overlooked that this was a card payment rather than a bank transfer. He brought the case to our service, asking for Starling to pay the £160 back, and for our service to confirm whether Starling had treated the matter correctly.

Our Investigator looked into things independently and didn't uphold the complaint. Mr M asked for an ombudsman's final review, so the complaint's been passed 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.

In doing so, I have read and taken into account everything that both sides have said and provided. Though I won't necessarily comment on every single argument or piece of evidence on a strict point-by-point basis, as a court might. We're an informal alternative to the courts, here to resolve financial disputes more quickly and with minimal formality. So I'll keep my decision focused on what I've found to be the key points.

I'm sorry to hear that Mr M didn't receive the goods he paid for. I understand that such incidents can be very frustrating indeed, and I understand why he'd want his money back if he never got the goods. It's not clear whether this was a scam in the sense we deal with here – examples being things like Ponzi schemes, or impersonating police and persuading people to send their money to a “safe” account. Issues like a seller failing to send promised goods are often civil matters. There is a high legal threshold or burden of proof to conclude that someone was intentionally trying to commit fraud; as opposed to – for example – losing access to their marketplace account, getting hit by a life situation that takes them away from the sale, and so on. While I do appreciate Mr M's understandable concerns, I don't have sufficient evidence to conclude whether this individual was definitely intending to scam him.

With that said, even if I were to conclude that this was definitely a scam in the sense that's relevant here, I'm afraid I still couldn't reasonably hold Starling responsible for the loss. I'll explain why.

First, we must keep in mind that it'd be the scammer who'd be primarily responsible for their own scam, and it'd be the scammer who'd really owe Mr M his money back. But in this case against Starling, I'm only looking at what Starling are responsible for. Starling are not generally responsible for the actions of unrelated private individuals, nor do they regulate social media marketplaces, nor do they act as guarantors or police for such private sales.

Further, it's not in dispute that Mr M authorised the payment involved. So although he didn't intend for the money to end up with what he now reckons was a scammer, under the Payment Services Regulations he is liable for his own payment and the resulting loss in the first instance. Broadly speaking, Starling had an obligation to follow his instructions – the starting position in law is that banks are expected to process payments which a customer authorises them to make.

Starling did have some responsibility to look out for payments which could be the result of fraud or scams, to help prevent them. However, a balance must be struck between identifying and responding to potentially fraudulent payments, and ensuring there's minimal disruption to legitimate payments. It wouldn't be pragmatic or realistically possible for banks to investigate every single payment that every single customer ever made. I've thought carefully about whether Starling should have done more in Mr M's case.

This was not – for example – a concerningly huge payment, nor a series of lots of rapid payments, nor was it going to anywhere notably high-risk like a crypto site. This was a modest one-off payment made to Monzo – an established, regulated bank, which Mr M had paid before. It is not very unusual for people to use this method, and the payment was not especially out of character for this account. There was nothing particularly suspicious about this payment, let alone factors so concerning that Starling would need to intervene. So I find that Starling did not need to intervene in this particular case.

I've then considered what Starling did to try to recover the money after Mr M told them he thought he'd been scammed. As this was a card payment, it was not covered by schemes such as the CRM Code or the PSR's latest rules. And it was not possible for Starling to simply forcibly take back the money whenever they wanted.

I do understand that Mr M really wanted Starling to try a chargeback. And I understand why he thought this might be a good route. I will also clarify that both our service and Starling are already aware that this was a card payment. However, not all card payments are eligible to be refunded by a chargeback. Chargebacks are subject to rules set by the card scheme – here, that's MasterCard. Starling have to follow MasterCard's rules about which payments are and are not eligible. Neither Starling nor our service can change MasterCard's rules.

Under MasterCard's chargeback rules, I'm afraid this type of payment transaction was not covered. The chargeback would have to be a claim against the recipient of the card payment – here, that was Monzo, *not* the private individual. Mr M argued that because that individual was selling goods, they were acting as a merchant. But I'm afraid that's not relevant for the purpose of these rules. The recipient of Mr M's card payment was Monzo. The payment's technical data shows the merchant as "Monzo". And Mr M will see on his statement that the payment in question went to Monzo. Whereas when he makes a card payment directly to a merchant – for example, Amazon, then it'll be "Amazon" which shows on his statement, not Amazon's bank. Here, the way this type of payment worked is that Mr M paid Monzo by card, with Monzo as the listed merchant. So that payment was between Mr M and Monzo. Then, as essentially a distinct transaction, Monzo sent money to the private individual, which was a transfer between Monzo and them.

As such, a chargeback from Mr M would've been a claim against Monzo. But Monzo provided the money-handling service they were supposed to. Monzo were not responsible for the individual sending goods. So such a chargeback would fail. Mr M could not raise a chargeback against the private individual directly because they are not an actual merchant and his card payment did not go direct to the private individual, it went to Monzo.

I appreciate that this is not intuitive. For example, even AI can misunderstand the rules and can misadvise a user while attempting to be agreeable to them. If it helps, I will explain that, broadly speaking, chargebacks are for disputes between an individual cardholder and a registered merchant – e.g. businesses like Argos, Next, and so on – rather than for disputes between two individuals doing a private sale.

Starling correctly assessed that there was no realistic prospect of success for a chargeback here. And chargebacks are voluntary. So Starling didn't need to try one in this case. They were also correct that this payment was not covered by Section 75 of the Consumer Credit Act, as Mr M paid by debit card, not by credit. And I'm afraid there was nothing more that Starling should've reasonably done which would've realistically got the money back here.

So while I'm sorry to hear that the other individual didn't send the promised goods, and while I know this won't be the outcome that Mr M was hoping for, Starling cannot fairly be held responsible for that loss. I've found that they treated the matter correctly, and I cannot fairly tell Starling to reimburse Mr M in this case. Mr M may wish to pursue the private individual directly.

**My final decision**

For the reasons I've explained, I don't uphold this complaint.

This final decision marks the end of our service's consideration of the case.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 2 March 2026.

Adam Charles  
**Ombudsman**