

## The complaint

M, a limited company, is unhappy that Starling Bank Limited (“Starling”) won't reimburse it the money it sent to a third-party for the distressed sale of another limited company (T).

M is represented by its director, Ms A, and I have referred to her in this decision where appropriate.

## What happened

I'm not going to cover all the points raised in detail. The view of 28 October 2025 covered the details of Ms A's testimony. But briefly in mid-2024 Ms A began exploring the distressed sale of another limited company (T) she was a director of. Ms A came across a company (I will refer to as G in this decision) through online research. G presented itself as specialist brokers in business recovery and distressed sales. A written contract was agreed and signed for a distressed sale of another limited company (T) that Ms A was director of to a new buyer. On 14 October 2024 Ms A transferred £13,500 from M's business account with Starling to G.

Ms A complained to Starling that she'd been the victim of a scam. Starling said this was a civil dispute between Ms A and G and/or the buyer of T.

Ms A brought her complaint to this service. Our investigator did not uphold the complaint. He said the matter was a civil dispute which isn't covered by the new Reimbursement Rules.

Ms A didn't agree. In summary she said G did not provide the services promised and the transfer of ownership on Companies House simply appeared to legitimise the transaction. She said the buyer left creditors high and dry. She does not believe the buyer was legitimate and therefore the whole distressed sale rests on deception. Their behaviours are not consistent with an intention to complete a distressed sale, and she feels the payment was not for the purpose she intended. She felt Starling did not investigate the matter or take into account her vulnerability. Subsequently she has found substantial evidence confirming her concerns. And there has been a misunderstanding about the benefit of the payment to M.

As the complaint could not be resolved informally it has been passed to me 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.

Having done so, I've come to the same outcome as the investigator for broadly the same reasons.

I'm conscious that Ms A has made detailed submissions to us about this complaint. I'd like to reassure her I've considered everything she has submitted carefully – including the detailed response (dated 21 November 2025) to the view. If I don't mention a particular point or piece of evidence, that's not because I haven't taken it into account. My findings focus on what I

consider to be the central issues, and my role is to reach what I think is a fair and reasonable decision based on the facts of the case.

I'm sorry to hear about the situation Ms A has been left in. She's paid money for a distressed sale of her former company and from what she has said, the services promised were not delivered.

It's clear that Ms A feels strongly that G tricked her and she now considers that the buyer of T was fictitious. From her perspective, the buyer disappeared soon after the transfer and G disappeared soon after that. But I don't have the power to decide any dispute between Ms A and G or the buyer of T or to interrogate the parties or consider their actions.

Starling didn't contract with M for the distressed sale, and I can't hold it responsible for any breach of contract or other failings on G's or the buyer's part. As a starting point in law, M is responsible for payments it has instructed Starling to make.

When considering what is fair and reasonable, I'm also required to take into account: relevant law and regulations; regulatory rules, guidance and standards; codes of practice; and, where appropriate, what I consider to have been good industry practice at the relevant time.

Where I can't know for certain what has or would have happened, I need to weigh up the evidence available and make my decision on the balance of probabilities – in other words what I think is more likely than not to have happened in the circumstances.

In broad terms, the starting position in law is that a firm is expected to process payments and withdrawals that a customer authorises, in accordance with the Payment Services Regulations and the terms and conditions of the customer's account. However, where the customer made the payment as a consequence of the actions of a fraudster, it may sometimes be fair and reasonable for the bank to reimburse the customer even though they authorised the payment.

In 2024, the Payment Systems Regulator required the Faster Payments scheme operator (PayUK) to change the Faster Payment Rules to require the firms that operate over Faster Payments to reimburse their customers sums paid as a result of APP (authorised push payment) scams (herein after referred to as the Reimbursement Rules) in certain circumstances. These Rules came into force on 7 October 2024.

In this case, I've first considered whether the Reimbursement Rules and associated guidance issued by the PSR are relevant to the payment in dispute. Where they are relevant, I must have regard to the rules and guidance, as well as considering what is fair and reasonable in all the circumstances of the complaint.

The Reimbursement Rules<sup>1</sup> set out the requirements for a payment to be covered and sets out the features and definition of an APP scam. The Rules specifically define an APP scam as:

*“Where a person uses a fraudulent or dishonest act or course of conduct to manipulate, deceive or persuade a Consumer into transferring funds from the Consumer’s Relevant account to a Relevant account not controlled by the Consumer, where:*

- *The recipient is not who the Consumer intended to pay, or*
- *The payment is not for the purpose the Consumer intended”*

And the Rules specifically outline that private civil disputes are not covered. The term private civil dispute is defined in the Rules as:

*“A dispute between a Consumer and payee which is a private matter between them for resolution in the civil courts, rather than involving criminal fraud or dishonesty.”*

In its published policy statement PS23/3, the Payment Systems Regulator gave further guidance:

*“2.6 Civil disputes do not meet our definition of an APP fraud as the customer has not been deceived [...] The law protects consumer rights when purchasing goods and services, including through the Consumer Rights Act.”*

*2.5 provides an example of when this might apply:*

*“...such as where a customer has paid a legitimate supplier for goods or services but has not received them, they are defective in some way, or the customer is otherwise dissatisfied with the supplier.”*

Turning to the definition of an APP scam, M paid G and this was the person it was intending to pay. So, for M to have been the victim of an APP scam, I would need to be satisfied that G was acting fraudulently or dishonestly to deceive Ms A about the very purpose for which her payment had been procured. Here the purpose of the payment was for G to find a buyer for distressed sale of T.

Ms A’s purpose was to sell her company along with its associated liabilities and G’s purpose was to source a company to buy it – so these do match. Ms A did transfer the company and liabilities to a new buyer; her issues instead stem from the subsequent handling of the distressed sale once ownership had been transferred.

While some of issues Ms A has highlighted might suggest G/the buyer weren’t acting as I might expect a professional to do, acting unprofessionally does not mean someone intendeds to operate a scam. And whilst an investigation in relation to other matters might ultimately show that G/the buyer are of poor character, it does not necessarily show in relation to the specific transaction carried out in this particular case that it was made to an APP scam.

I’ve thought very carefully about this but, but there are a number of potential reasons (other than a scam) for the breakdown in a relationship between two parties for a dispute to exist. And unfortunately, businesses (such as G and the buyer of T) can fail or be mismanaged such that contracts are breached and agreed goods and services aren’t provided. But that doesn’t necessarily amount to evidence of an intent to commit an APP scam.

---

<sup>1</sup> <https://www.wearepay.uk/wp-content/uploads/2024/09/FPS-Reimbursement-Rules-Schedule-4-v3.0.pdf> at paragraphs 3.8-3.10

I appreciate Ms A doesn't agree, but M's transaction needs to meet the specific definition set out for the Reimbursement Rules to apply – and it doesn't. And as the issues stem from whether the agreed services were provided or not (something the PSR has specifically said is not covered by the Rules), this is something Ms A would need to pursue with G/the buyer or other avenues outside of her bank.

Overall and on balance I don't find this situation meets the definition of an APP scam as set out in the Reimbursement Rules. As Starling didn't need to consider this as an APP scam then it didn't need to go on to contact the recipient account provider or apply any other considerations under the Reimbursement Rules (such as vulnerability). M can ask Starling to make a note of its vulnerability going forward.

In addition, Starling doesn't have any duty or obligation to intervene in payments that are legitimate or to protect its customers from the impact of a bad deal. So, I can't fairly criticise Starling for not doing more when M made the payment.

I appreciate Ms A may have suffered personally as a result, but I can't make an award to M for Ms A's distress – as M can't suffer distress. In my view, any inconvenience M suffered was the result of G and the buyer of T's actions and not something that warrants an award from Starling for the handling of M's complaint.

I'm not saying Ms A did anything wrong or that she doesn't have a legitimate grievance against G/the buyer. But I can only look at Starling's responsibilities here. Overall, I don't think Starling has treated M unfairly when it made the decision not to reimburse M. For the reasons I have explained, I'm satisfied M isn't due a refund under the Reimbursement Rules nor can I see there are other grounds on which I could say that Starling should, fairly and reasonably, bear the responsibility for M's loss.

### **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 M to accept or reject my decision before 6 February 2026.

Kathryn Milne  
**Ombudsman**