

The complaint

Mr P complains that Starling Bank Limited (“Starling”) won’t refund payments he says he made as part of a scam.

What happened

The background to this complaint is well known to both parties, so I won’t repeat it in detail here. But in summary, I understand it to be as follows.

Mr P became aware of a business opportunity. The company offering the business opportunity will be further referred to as “Company A”.

Company A offered a range of services, including online courses, access to a group of mentors, as well as a business opportunity. As part of the business opportunity, Company A claimed they’d set up and administer a social media page for the purchaser. Profits would be generated by people buying courses through links on the social media page that had been created. For ease of reading, this business opportunity will be referred to as “Package A”.

Having reviewed the information and satisfied with what he’d seen, Mr P made payments, totalling £10,000, between April and August 2024 towards Package A with Company A.

In 2024, Mr P was made aware that Company A had fallen into financial difficulties and were now unable to pay his share of the profits. Later, following further evidence and information coming to light, Mr P believed he’d been the victim of a scam.

In January 2025 Mr P contacted Starling to request reimbursement of his losses.

Starling investigated the matter but sought to delay giving an outcome on Mr P’s complaint, given the complexities surrounding the case as well as ongoing investigations by a statutory body. Starling went on to advise Mr P that his claim would remain under active consideration and that they’d update him as soon as any updates were available. Unhappy with this response, Mr P, via a professional representative, referred his complaint to our service.

An investigator looked into Mr P’s complaint but didn’t uphold it. They said there were too many unknowns for them to draw a conclusion on whether Mr P had fallen victim to a scam and that Starling had acted fairly in delaying making a reimbursement decision on his complaint.

Mr P disagreed with the investigator’s assessment as he felt there is currently enough information to determine that he’s been the victim of a scam and should be refunded on that basis.

As the complaint couldn’t be resolved by the investigator 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.

Mr P and his professional representatives have provided detailed submissions to our service in relation to this complaint. In keeping with our role as an informal dispute resolution service, I will focus here on the points I find to be material to the outcome of Mr P's complaint. This is not meant to be a discourtesy to Mr P and I want to assure him I have considered everything he has submitted carefully.

In deciding what's fair and reasonable in all the circumstances of a complaint, I'm required to take into account relevant: law and regulations; regulators' rules, guidance and standards; codes of practice; and, where appropriate, what I consider to be good industry practice at the time.

In broad terms, the starting position at law is that Starling is expected to process payments and withdrawals that a customer authorises it to make, in accordance with the Payment Services Regulations (in this case the 2017 regulations) and the terms and conditions of the customer's account.

Here it's not in dispute that the payments were authorised, so the starting position is that Starling isn't liable for the transactions.

However, at the time Mr P made the payments, Starling were a signatory of the Lending Standards Board's Contingent Reimbursement Model (CRM) Code which requires firms to reimburse customers who have been the victims of authorised push payment (APP) scams in all but a limited number of circumstances. The CRM Code can only apply where the transaction(s) met the definition of an APP scam.

The relevant part of the CRM Code definition of an APP scam requires that the payment was made to: *"another person for what they believed were legitimate purposes but which were in fact fraudulent."*

Following its commencement, the CRM Code was revised by the Lending Standards Board to allow a firm to delay its decision if there is an ongoing statutory investigation taking place, which may inform the firm's decision.

R3(1)(c) in the Code sets out that *'If a case is subject to investigation by a statutory body and the outcome might reasonably inform the Firm's decision, the Firm may wait for the outcome of the investigation before making a decision.'*

Though Starling didn't specifically refer to R3(1)(c) of the CRM Code in their response to Mr P, I believe that the reason for not giving an answer on the claim echoes the sentiment of the clause. I'll therefore consider whether it was fair and reasonable for Starling to rely on R3(1)(c) in the CRM Code as a reason to delay reaching a reimbursement decision on Mr P's claim.

In reaching my findings on this complaint I've thought about whether there is currently enough evidence to decide that the payments Mr P made were the result of an APP scam; bearing in mind the definition of an APP scam set out in the CRM Code.

In doing so I've thought carefully about the evidence available at the time Starling received the scam claim, and indeed whether the evidence available shows it's more likely than not that Mr P was scammed.

As I have explained, the relevant part of the CRM Code's definition of an APP scam requires that the payment was made to: "*another person for what they believed were legitimate purposes, but which were in fact fraudulent.*"

So first of all, the definition requires that Mr P believed the purpose of the payment was legitimate. Then I need to consider the purposes the beneficiary had in mind at the time the payments were made, and whether these were fraudulent.

I'm satisfied Mr P believed the payments were for a legitimate purpose. This is because at the time he made the payments, Company A's website contained courses available to clients along with endorsements from businesses and students. So I can see why Mr P considered the opportunity to be legitimate.

But for the definition to apply, I'd also need to be persuaded that the purpose Company A had for the payments was fraudulent. In order to reach those conclusions, I'd need to be satisfied that the purposes were significantly different from the purposes Mr P believed the payments to be for and that this was the result of dishonest deception by Company A. I'd also need to be persuaded, in order to conclude Mr P has been scammed and that this isn't a private civil dispute, that the money was obtained by dishonest deception such that it was criminally obtained, on the balance of probabilities.

Having considered all the evidence very carefully, I think it was fair and reasonable for Starling to rely on R3(1)(c) of the CRM Code and delay making a reimbursement decision, for broadly the same reasons as the investigator. Ultimately this is because the available evidence is finely balanced and not always clear or conclusive, so I don't think I can fairly determine how or why Mr P's money was lost. I am not persuaded, one way or the other, as to whether it was lost due to a scam or because of a failed business.

Mr P's representative has highlighted some key pieces of evidence to support the assertions that Mr P has been scammed. I've also reviewed publicly available information about Company A as well as information retrieved from banks which held accounts for Company A. Below, I have set out my reasons as to why the evidence doesn't persuade me, it's more likely than not Mr P has been scammed.

Video confession of Company A's director

One of Mr P's representative's main arguments to support its view that Company A is a scam is the suggested video confession of Company A's director. In a publicly available video, Company A's director (further referred to as "F") states that monthly sales figures for their courses had been "*edited*" and that actual sales were "*a few a day*," with the last "*significant*" sales having occurred in 2022 or 2023. F also appears to suggest that the business opportunity package (the same Mr P was purchasing) was in fact a Ponzi scheme.

While on the surface this may appear to be an admission of wrongdoing by F, the questioning appears to have been carried out by members of his sales team, who may have had an interest in assigning blame elsewhere. I say this because it's clear the video was recorded in an informal setting and those questioning him seem to know him well given the colloquial language used.

I'm mindful that in November 2024, an online news outlet quoted F as saying that he'd been "*threatened and pressured*" to make certain statements. He also acknowledged his own shortcomings as well as those within his team which led to the business's breakdown, and expressed a commitment to work with investors to return funds, and indicated he was pursuing legal action alongside a police report.

Of course, I can understand the concern regarding what F is recorded as saying. On face value the recording appears to be a clear admission of not using his investors' money for the intended purposes. But I'm mindful that given those making the recording appear to be members of the sales team, they could very well have a vested interest in ensuring someone takes the blame for anything that went wrong.

Overall I'm not persuaded the recorded video is reliable or persuasive evidence that the business opportunity Mr P purchased was a Ponzi scheme given the nature of the recording, F's claim of coercion, and the possibility that his comments were made under duress. I haven't disregarded the content of the video in reaching the conclusions that I have, but I do take the accuracy of what was said with caution. Furthermore, while it's unclear what '*significant challenges*' F references, this does give rise to the possibility of poor business practices resulting in the failure of the business.

Company A's account activity and payments to Company A

I have also reviewed bank accounts controlled by Company A. While I can't share the full details of what I've seen, I can see significant revenue, which appears to be comprised of credits from various individuals and businesses with no clear link to Package A. Such credits could relate to sales of online courses or to other legitimate operations, but they may also reflect purchases of Package A. I can also see that a large number of payments were made to and received from outside the UK, from countries it was claimed Company A operated in. Without knowing the exact purpose behind each payment, it wouldn't be fair to conclude this revenue to be ill-gotten gains. The payments could speak to the legitimacy of the scheme but on the other hand they may not. It is worth explaining that we have limited powers to make enquiries about these payments and external organisations, such as the police, are much better placed to undertake such enquiries.

Mr P's representative claims that certain payments were made to an account in the name of a dissolved business, and others to F personally. Given F's claim that he was self-employed, such use of a personal account would not necessarily be considered suspicious and it's possible the use of the dissolved business account may represent an administrative error. Though this evidence could indicate suspicious and untoward activities by Company A, it could also simply be the result of poor administration and substandard company practices.

A key feature of Package A was that Company A would create and manage a social media page through which customers would purchase access to Company A's courses. Purchasers of Package A were told that their funds would be used to pay for social media marketing, and I can see that there are significant payments to a specific social media platform across the accounts associated with Company A. I can also see that Company A did advertise online, which supports the argument that marketing activity occurred.

However, there is a discrepancy between the total sum of money paid to the social media platform and the funds Company A received from purchasers of Package A. It's also a concern to see that many such purchasers have reported not receiving the social media pages that were promised.

Given the discrepancy mentioned above, I've considered the possible explanations as to why this occurred. It's possible the difference in funds received from purchasers and funds paid to social media platforms resulted from Company A's operational shortcomings. It could also be as a result of failings on the social media platform's part. It also remains possible that there was a deliberate non-performance of the contracted activity by Company A with the view to defrauding its customers.

There are a number of possible and plausible explanations regarding the failure of Company A to carry out its contractual obligations. The evidence currently available doesn't persuade me, either way, that the failure to carry out its operations were innocent failings on Company A's part or whether these were deliberate actions with the intention of defrauding its customers.

Further to this, it's possible that investigations by other parties may have uncovered accounts that myself, and this service, is not aware of. So, it remains that there could be vast sums being paid to the social media platform in line with the activity we'd expect to see of Company A. Conversely, it could be the case that the other potential accounts could show no other payments being made to the social media site.

Without knowing that we've reviewed all of the accounts linked to Company A, I can't be satisfied that the discrepancy already identified in sums received for Package A and sums paid to social media platforms is a true reflection of Company A's operations. I'm conscious that such confirmation may only come at the conclusion of any investigation by law enforcement.

While not critical to the overall outcome here, this further demonstrates the difficulty our service has in drawing a conclusion as to whether the account activity we've reviewed indicates that fraudulent actions have taken place.

Claims on Company A's website

Mr P's representative has said Company A's website included a fake association with a well-known figure in the Muslim community. This person will be further referred to as "Y". Mr P's representative has provided us with a screenshot from Company A's website (which has since been taken down) which says F spoke to Y about social media marketing for two hours.

Mr P's representative says this association was fake because in a separate video, published outside of Company A's website, Y states that he does not recognise F's name but recalls speaking for two hours to someone who tried to charge a monthly fee for online marketing. He also states he had not given consent for his photo to be used on Company A's website. I'm not currently persuaded that Company A claimed an association in the manner alleged by Mr P's representative, as I can't see Company A's website ever made any claims regarding Y's approval or promotion of the company. Rather, there appears to be a dispute about the nature of their interaction. And it seems plausible that F did speak to Y given the image of the video call that Mr P's representative has shared.

I've also reviewed additional screenshots of Company A's website which include claims they had partnerships with several other brands. The website also included information on the courses they sold, video testimonials from network members, profiles of key team members, and statements asserting that Company A supported various businesses to expand and grow.

While I've not been able to confirm the accuracy of these claims and testimonials, the available evidence doesn't show these claims to be untrue or that they aren't based on genuine experiences and business relationships.

Overall

For the reasons I've explained, I agree that there are some concerning features regarding Company A and its operation but there are simply too many unknowns for me to be able to draw conclusions even on a balance of probabilities.

Ultimately, I believe there to be insufficient evidence available for me to make a finding, on the balance of probabilities, as to Company A's intent and whether they set out to defraud purchasers of Package A.

As it stands, I don't believe that Starling acted unfairly in relying on R3(1)(c) and delaying making a reimbursement decision until more information comes to light as a result of the police investigation. It follows that I don't think Starling should reimburse Mr P under the CRM Code.

Should any material new evidence come to light at a later date that would suggest that Mr P was the victim of a scam, such as from the ongoing police investigation, then I would suggest he contacts Starling to make them aware of this new evidence.

My final decision

My final decision is that I do not uphold this complaint against Starling Bank Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 11 February 2026.

Billy Wyatt
Ombudsman