

The complaint

R's complaint is that Starling Bank Limited hasn't reimbursed a transaction reported as fraudulent.

What happened

R was alerted to a payment of £3,951.25 when its accountant was auditing the books at the end of its first year of operation. This had previously gone unnoticed, and R's director's didn't recognise the payment.

It was reported to Starling as unauthorised. But Starling said it wouldn't refund the payment as it had been reported more than 13 months after it had taken place.

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 have to let R know that I'm unable to uphold its complaint. In delivering my findings here, I'm focusing on the key issue as to whether Starling has acted fairly in declining the claim. I can see there are some ancillary questions that have been posed over the course of the complaint. But the heart of the complaint is that of liability for the disputed payment, so that's what I'm focusing on.

I'm aware that to R this answer will feel unsatisfactory overall, as there's little detail I can offer as to how the transaction happened.

But what's key here is the date the transaction was reported as unauthorised. Both the terms and conditions of the account and the Payment Service Regulations (2017) set out that any unrecognised payments must be reported within 13 months if there's to be a consideration of reimbursement. Should such a payment not be reported in that time, there's no requirement on a firm like Starling to reimburse.

There's no dispute that the payment wasn't reported in that time and so Starling has acted fairly and reasonably here in declining to refund it.

I've considered whether there are any circumstances which might mean it would be unfair to rely on the 13-month exclusion. I've found that there are none. I can accept what R's director's have said, in that they didn't routinely check the account and didn't expect there to be outgoing payments for review. And I also accept the first they knew of the disputed payment was when it was flagged by the accountant. But these don't present sufficient reasons for me to look to step outside of what's set out in the PSRs and the terms and conditions of the account.

Responsibility for monitoring accounts does lie with the account holder. And I'm not aware of anything that would have prevented R's accounts from being checked.

It's also worth noting that the account was used for activity such as faster payments. This

would have meant an authorised party interacting with the account. Likely logging in, seeing available balances, and being able to view recent transactions. Such activity takes place near to when the disputed payment occurred, meaning it was identifiable at the time.

I can also see Starling has presented some evidence to show that a notification about the payment was sent to R at the time it was being made. This appears in a list alongside other notifications also sent by Starling at different times. I will say here that I've not probed this evidence further, such as by having Starling confirm the contact details it has for R. That's because I don't consider that any further exploration of the evidence on this point would change the outcome. I've included the detail here mostly for R's reference, though on the face of it the evidence does further support the outcome I've reached.

My findings are then that Starling has acted fairly and reasonably in its dealings with R.

My final decision

I don't uphold this complaint against Starling Bank Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask R to accept or reject my decision before 18 March 2026.

Ben Murray
Ombudsman