

The complaint

Mr N complains that Starling Bank Limited (“Starling”) hasn’t protected him from losing money to a scam.

What happened

The background to this complaint is well known to both parties, so I won’t repeat everything here. In brief summary, Mr N has said that between January and March 2021 he made payments from his Starling account for what he thought was a legitimate investment. Mr N subsequently told Starling he’d been scammed. Ultimately, Starling didn’t reimburse Mr N, and Mr N referred his complaint about Starling to us. As our Investigator couldn’t resolve the matter informally, the case 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 decided not to uphold Mr N’s complaint for materially the same reasons as our Investigator.

I’m sorry if Mr N has been the victim of a scam here. Ultimately, however, if that is so, Mr N has suffered his loss because of fraudsters, and this wouldn’t automatically entitle him to a refund from Starling.

The Contingent Reimbursement Model (CRM) is a voluntary code introduced in 2019 to reimburse consumers who are the victims of scams in certain circumstances. However, the CRM code doesn’t apply to debit card payments like those made in this case. This means that, in this case, it would only be fair for me to tell Starling to reimburse Mr N his alleged loss (or part of it) if I thought Starling reasonably ought to have prevented the payments (or some of them) in the first place, or Starling unreasonably hindered recovery of the funds after the payments were made; and if I was satisfied this, overall, was a fair and reasonable outcome.

I’m satisfied Mr N authorised the relevant payments. Starling would generally be expected to process payments a customer authorises it to make. And under The Payment Services Regulations and the terms and conditions of the account, Mr N is presumed liable for the loss in the first instance, in circumstances where he authorised the payments. That said, as a matter of good industry practice Starling should have taken proactive steps to identify and help prevent transactions – particularly sufficiently unusual or uncharacteristic transactions – that could involve fraud or be the result of a scam.

However, there are many payments made by customers each day and it’s not realistic or reasonable to expect Starling to stop and check every payment instruction. There’s a balance to be struck between identifying payments that could potentially be fraudulent, and minimising disruption to legitimate payments (allowing customers ready access to their funds). And I’m satisfied that the payments in question in this case just wouldn’t be of the

type, unusualness or magnitude in order for me to fairly say Starling's attention, in terms of fraud and scams monitoring, reasonably ought to have been drawn to them. Payments one, two and four, at £250, £198 and £200 respectively, wouldn't have had any concerning features about them that Starling ought to have spotted but didn't. And although payment three, at £3,000 to a cryptocurrency provider was different, it still wouldn't, given the amount it was for and given this happened back in 2021, meet the threshold here for what I'd say would be the type of payment I'd reasonably expect Starling to have intervened in before following Mr N's instructions to send it. I say this because not every transaction to cryptocurrency providers is fraudulent, and in 2021 this wouldn't be a factor I would say by itself ought to have caused Starling concern in the particular circumstances of this case. If this payment had been significantly larger, I might have reached a different overall conclusion here, but at £3,000, in this case this wouldn't be enough to say Starling ought to have done more than it did. This means I'm not persuaded that I fairly say Starling unreasonably failed to prevent Mr N making these payments.

I've also thought about whether I'd reasonably expect Starling to have been able to recover Mr N's payments after they were sent. However, as these were card payments, the only potential avenue for recovery of the payments would have been through the chargeback scheme. The chargeback scheme is a voluntary scheme set up to resolve card payment disputes between merchants and cardholders. Starling is bound by the card scheme provider's chargeback rules. Whilst there is no 'right' to a chargeback, I generally consider it to be good practice that a chargeback be raised if there is a reasonable chance of it succeeding. But a chargeback can only be made within the scheme rules, meaning there are only limited grounds and limited forms of evidence that will be accepted for a chargeback to be considered valid, and potentially succeed. Time limits also apply.

With regards to Mr N's payment three, the one for £3,000 to a cryptocurrency provider, the merchant here for chargeback purposes would be the crypto exchange (and not the scammers). The crypto exchange would have legitimately provided the services intended and the transfer of the cryptocurrency onto the scammers would not have given rise to a valid chargeback claim through Starling.

I've also not seen anything to persuade me chargebacks regarding the remaining three payments would likely have succeeded. I say this because it would be the merchant paid, in each case, that each chargeback would go against. And I haven't seen anything to make me think each merchant didn't provide the service intended. This is because the merchants don't appear to be the scammers here. I understand Mr N has said one of these transactions paid for trainers seemingly not for him, but this still wouldn't mean the merchant didn't provide the services it was asked to (albeit by the scammers presumably). And in any event, the way I understand chargebacks work in situations like this, it seems very unlikely to me that these payments would have been recoverable through chargeback. I'm persuaded it therefore wouldn't be fair here to hold Starling responsible for Mr N's funds not being recovered.

I'm sorry if Mr N was scammed and lost this money. However, despite my natural sympathy if that is the case, I can't fairly tell Starling to reimburse him in circumstances where I'm not persuaded it reasonably ought to have prevented the payments or have been able to recover them.

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr N to accept or reject my decision before 15 December 2025.

Neil Bridge
Ombudsman