

The complaint

R complain Starling Bank Limited ("Starling") decided to close their account due to the business sector they operate in. R say Starling's decision is based on a conflict with its own business.

R say the closure of their account will cause them significant inconvenience and business disruption.

What happened

The details of this complaint are well known by both parties, so I won't repeat them again here in detail. Instead, I'll focus on setting out some of the key facts and on giving my reasons for my decision.

R successfully applied for a business account with Starling in 2020.

In March 2025, following a review, Starling notified R that the nature of its business represented a breach of its terms and conditions. Starling gave R 90 days' notice of its intention to close their account.

Unhappy, R complained. Starling didn't uphold R's complaint. In summary, Starling reiterated that it was acting in line with the terms and conditions of the account due to the nature of R's business. Starling also said that it previously asked R about its business composition as it had legal obligations to meet – and this was unrelated to the review which led to the decision to close the account.

Starling added that the terms and condition it was relying on had been in place since March 2022. Starling accepted that there had been a delay since the terms were published to its decision to close R's account. But that it was a recent review that brought the matter to Starling's attention. Starling said it had acted appropriately in communicating the closure and has given R three months' notice which is longer than the two months' notice the terms stipulate.

Starling also said its decision to close the account was solely due to the nature of R's business being outside the terms and conditions of the account. And so, it had nothing to do with the conflict of interest R had cited.

R referred their complaint to this service. One of our Investigator's looked into R's complaint, and they recommended it wasn't upheld. In short, the key points they made were:

- This service can only consider the impact the event being complained about has had on R as an individual complainant. This service isn't the regulator
- Starling has the commercial freedom to decide who it wants to offer accounts to. At the point of opening the account, R's business activity wasn't excluded in the terms and conditions. But Starling reviewed its position and in March 2022

implemented a change to the terms and conditions which did exclude R's nature of business. This service wouldn't pass judgement on this commercial decision

- Starling should have had the necessary information about R's nature of business given the previous reviews it had carried out. But though Starling could have been more proactive about this and told them sooner the business activity was excluded, this was only to R's benefit as they had the account longer
- R would have had access to the updated terms and conditions when they were implemented
- Starling has acted fairly in giving R more notice of closure than the two months' its terms and conditions say it must, and by postponing the closure until this complaint is determined

Starling agreed with what our Investigator said. R didn't agree and alluded to the conflict its business activity has with Starling as a reason for the account closure. In July 2025, R said they should be able to move their account services to a new provider in around a month's time. Starling said it would continue to postpone the account closure until the complaint process was completed at this service.

As there was no agreement, this complaint has been passed to me to decide.

What I've decided – and why

I'm very aware that I've summarised the events in this complaint in far less detail than the parties and I've done so using my own words. No courtesy is intended by me in taking this approach. Instead, I've focussed on what I think are the key issues here. Our rules allow me to do this. This simply reflects the informal nature of our service as a free alternative to the courts.

If there's something I've not mentioned, it isn't because I've ignored it. I'm satisfied I don't need to comment on every individual argument to be able to reach what I think is the right outcome. I do stress however that I've considered everything R and Starling have said before reaching my decision.

I believe it's also important to explain that it's not the role of this service to supervise, regulate or impose fines on any business. It's also not our role to ask a business to alter its procedures or enforce changes to policies. That's the role of the regulator, The Financial Conduct Authority. My remit here is to decide whether I think Starling acted fairly and reasonably when applying their policies and procedures in the individual circumstances of R's complaint.

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

In considering what is fair and reasonable in all the circumstances of the case, I've taken into account all relevant law and regulations; regulators' rules, guidance and standards; codes of practice; and where appropriate what I consider to have been good industry practice at the

relevant time.

In doing so, I'm satisfied that Starling is entitled to set its own policies and part of this includes forming its own risk criteria. It is not in my remit to say what policies or risk appetite

Starling should have in place. I can however, while considering the circumstances of individual complaints, decide whether I think R has been treated fairly.

I note that when R opened their account with Starling, the business sector they operate in wasn't excluded and/or prohibited in the terms and conditions. But when these terms were updated in March 2022, the terms said R's business type could not open an account or have a business current account with Starling. The update of its terms would have been shared with R as is Starling's obligation to do so. I have no reason to believe that R didn't receive fair notice or communication of this.

This means that Starling could have notified R of its intention to close their account from March 2022. I note too that Starling carried out previous unrelated reviews which would have allowed it to know what business sector R operated in. But, given the decision to close the account wasn't made until March 2025, I cannot see how this delay led to any detriment to R given they had use of the account longer.

That brings me to the crux of this complaint, that is, whether closing R's account for the type of business it performs is fair. Starling can exercise legitimate commercial discretion as to who it enters into, or maintains, a business relationship with, in the same way R is free to choose who they bank with. Having looked at the information this service has been provided with, I'm satisfied Starling has exercised this discretion fairly, and in line with its own risk policy. Albeit later than Starling could initially have done.

R say that Starling's decision to close their account was due to how its interest's conflict on a commercial basis with R's. But I haven't seen any evidence that Starling's decision was based on this.

I should add that Starling's terms say it only needed to give R two months' notice, but it gave them three months' notice to make alternative banking provision. Starling has also agreed to postpone the closure until this complaint has been determined in fairness to R.

As I don't think Starling has done anything wrong, I see no basis in which to direct it to keep R's account open. Nor to compensate R for the inconvenience they have sustained, or for the business disruption they say the closure will cause them.

My final decision

For the reasons above, I have decided not to uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask R to accept or reject my decision before 22 December 2025.

Ketan Nagla
Ombudsman