

The complaint

Mr W complains Starling Bank Limited (“Starling”) declined his application for an Easy Saver account and gave him conflicting explanations as to why.

To put things right, Mr W wants a proper explanation and compensation for the distress and inconvenience he’s been caused.

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.

Mr W applied for an Easy Saver’s account with Starling in December 2024. At the point of declining the application, Starling told Mr W it made the decision using information he had shared as well as information from fraud prevention agencies.

Mr W says he has an impeccable credit record, and this alarmed him. Unhappy, Mr W complained to Starling about it declining his application and reasons for doing so. Particularly, Mr W said fraud prevention agencies being cited as the reason was enormously concerning. Starling didn’t uphold Mr W’s complaint. In summary, it made the following key points:

- Starling can not offer Mr W an Easy Saver account. Starling is currently subject to certain constraints around opening new accounts, which means it must decline some applications
- The decision to decline Mr W’s application may well be a result of these constraints

Mr W referred his complaint to this service. One of our Investigator’s looked into Mr W’s complaint, and they initially said Starling isn’t obliged to provide Mr W with a savings account. And it’s Starling’s prerogative to decide which accounts it offers to individual customers. Starling is allowed to decline an application for any reason, and it doesn’t need to explain why.

Mr W didn’t agree particularly with the conflicting and differing explanations Starling had given him. So that Investigator looked at the complaint again and they found Starling had provided Mr W with misleading information about its reasons to decline the application. And for the trouble and upset this caused, Starling should pay Mr W £50 compensation. Mr W initially agreed with what our Investigator said.

Mr W’s complaint was then reallocated and looked at by another of our Investigator’s. Mr W felt the significant work needed on this complaint warranted a compensation award of £250. That Investigator also recommended the complaint be upheld. Their key findings were:

- Mr W’s application wasn’t declined in line with the constraints Starling say it was subject to, and it gave Mr W contradictory reasons for doing so

- Starling should reconsider a new application from Mr W removing its previous rationale from any new consideration
- Mr W has been inconvenienced by his application being incorrectly declined, as he would have needed to apply for a savings account elsewhere to earn interest. Being given an incorrect reason for the decline was stressful and frustrating for him. So, Starling should pay Mr W £150 compensation

Mr W agreed with what our Investigator said. Starling said it would pay the compensation, but a new application would likely also be declined. As there was no agreement, this complaint has been passed to me to decide.

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 have decided to uphold this complaint. I'll explain why.

As a UK financial business, Starling is strictly regulated and must take certain actions in order to meet its legal and regulatory obligations. Starling is also required to carry out ongoing monitoring of an existing business relationship. That sometimes means Starling may need to decline applications for new accounts as well as restricting, or even closing, an existing account.

Starling has provided an explanation and some information it says supports its decision to decline Mr W's application for a savings account. After carefully considering this, I am not satisfied that Starling has provided enough evidence to show it acted fairly, reasonably, and in line with its obligations when declining Mr W's application for a savings account. I would expect Starling to provide enough evidence to substantiate its explanation – something it has failed to do here.

I also find that Starling gave Mr W inconsistent information about its reasons to decline the application. It is true that Starling has certain constraints to observe but this is very different to what it told Mr W at the point of declining his application. Being told that the account decline was due to information being shared by fraud prevention agencies would no doubt cause alarm and distress. From what I've seen, this message appears to be an error.

It's understandable why Mr W wants a detailed explanation as to why Starling declined his application, but Starling isn't obligated to do so. We would, however, expect Starling to provide this service with a full explanation and enough supporting evidence, so we can ensure customers, like Mr W in this case, have been treated fairly. I would add too that our rules allow us to receive evidence in confidence. We may treat evidence from banks as confidential for a number of reasons – for example, if it contains security information, or commercially sensitive information. Starling has provided basic information for their actions, and while not thorough, it is information I consider should be kept confidential.

I've also thought carefully about whether Starling should reconsider a new Easy Saver application from Mr W. This isn't something Mr W has asked for, and I'm persuaded that Mr W always had the open market to turn to for a savings account. So, I don't think Starling need to do this.

I do however agree that being given the explanation Mr W was, and as I don't find Starling acted fairly in declining the application based on the limited information I've been given, he

would have been caused some distress and inconvenience. Having carefully weighed this up, I'm satisfied £150 is fair compensation.

My final decision

For the reasons above, I have decided to uphold this complaint. I now direct Starling Bank Limited to pay Mr W £150 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 21 January 2026.

Ketan Nagla
Ombudsman