

The complaint

Mr S complains Starling Bank Limited (“Starling”) declined his application for an Easy Saver Account without an explanation of why he failed its eligibility criteria. Mr S is also unhappy that he had to look for another account to deposit a significant amount of money he was due to get. Mr S suspects Starling acted in this way due to his political views.

To put things right, Mr S wants a formal apology from Starling’s Chief Executive, his funds in Euros to be converted to a GBP rate that prevailed at the time these funds were deposited, and to close his account without any adverse impact to his credit file. Mr S has also explained that Starling’s actions have caused him significant distress which has severely impacted his mental health.

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.

Unhappy with Starling’s actions, Mr S complained. Starling didn’t uphold Mr S’ complaint and he referred it to this service. One of our Investigator’s looked into Mr S’ complaint, and they recommended it was upheld. In summary the key points they made were:

- Starling isn’t obligated to provide Mr S with an explanation as to why he wasn’t eligible for the savings account
- Starling should explain its reasons to this service. But based on the information it has provided, Starling has failed to show it acted fairly and reasonably in declining Mr S’ application
- Mr S would have been caused inconvenience as he had to open an account elsewhere. And Starling’s decision had a severe impact on Mr S’ mental health. So, Starling should pay Mr S £200 compensation
- There isn’t any evidence to suggest Mr S was victimised by Starling because of his political views

Mr S didn’t agree with what our Investigator said. Mr S said he was unhappy that he would lose money if he converted his Euros to GBP by closing his Starling current account. He added that if Starling paid him £400 compensation, he would accept this as a resolution. Our Investigator explained that if Mr S chose to close his current account, then it would not be reasonable to hold Starling for any losses he might incur. And that Mr S would always have had to transfer funds to GBP at some point if he wanted them in that currency – and Starling cannot be held responsible for fluctuations in the exchange rate.

Starling said it wouldn’t pay Mr S £400 compensation, and that it didn’t do anything wrong when declining Mr S’ application due to its obligations.

As there is 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 discourtesy 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 Mr S and Starling have said before reaching my decision.

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 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 S' application for a savings account and saying he hadn't met its eligibility criteria. I note our Investigator has explained to Starling why the information provided is not sufficient.

I know Mr S feels strongly about being given 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 so we can ensure customers, like Mr S 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.

As I have decided to uphold this complaint, I now need to consider what fair compensation would be. Mr S says he should be refunded any loss on converting his funds in Euros held in his Starling account, to GBP if there is a negative difference to when his savings account was declined. I don't agree as I haven't seen any reason why he couldn't have still converted those funds at that time and moved them to another savings account provider.

I can understand that being declined a savings account would have caused Mr S reticence in trying to open another account elsewhere. I also accept this in of itself would have caused him distress and inconvenience. But I haven't seen that Starling has loaded any adverse information against Mr S, and he could always have looked into his credit file to assure himself this wasn't the case. So, in reaching what I think is fair compensation, I have taken these mitigating factors into consideration.

Given the health impact upon Mr S, and the inconvenience of having to potentially open an account with another provider, I'm satisfied £200 is fair compensation.

Mr S has said Starling acted in the way it did due to his political views. I haven't seen any evidence this is why Starling acted in the way it did. I would add here that Starling has provided a viable broader explanation to this service, but it has failed in the individual circumstances of this complaint to show its acted fairly.

My final decision

For the reasons above, I have decided to uphold this complaint. I now direct Starling Bank Limited to pay Mr S £200 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 14 January 2026.

Ketan Nagla
Ombudsman