

## The complaint

Ms J, who brings her complaint with the assistance of a representative, complains that Starling Bank Limited won't reimburse money she lost to fraud.

## What happened

As the circumstances of this complaint are well-known to both parties, I have summarised them briefly below.

Ms J was introduced to an investment opportunity through a client of hers. She was put in contact with a representative of the investment scheme provider, which I will refer to as 'Company E', and onboarded.

Ms J was instructed to open an account on a trading platform, which involved the trading of foreign currency. And, with the assistance and mentorship of the investment scheme provider, began to trade on that platform.

Between 7 October 2021 and 4 March 2022, Ms J made four faster payments from her Starling account toward the investment.

Additionally, during an online mentoring session, Ms J was introduced to a 'Mr A'. Mr A told Ms J about a separate investment opportunity involving the trading of crypto assets. Persuaded that Mr A was legitimate—as he'd been recommended by Company E—Ms J decided to invest in Mr A's scheme too. And so on 21 February 2022, Ms J made another payment from her Starling account to a company associated with Mr A.

Soon after, Company E collapsed and Ms J discovered that a warning had been published on the Financial Conduct Authority's ('FCA') website warning Mr A's company was providing financial services without the relevant permissions. Ms J had also received no returns on her investment. It was at this stage Ms J realised she'd been the victim of fraud.

Ms J's representative complained to Starling, requesting that it reimburse Ms J her loss. But after considering Ms J's claim, Starling found that Ms J's representative had not provided sufficient information for it to reach an outcome. It therefore didn't uphold the complaint.

Ms J's representative referred her complaint to our service for an independent review. An Investigator considered the evidence provided by both parties but concluded Starling had made no error in deciding not to reimburse Ms J's loss.

Ms J's representative disagreed with that conclusion, so the matter was passed to me to decide.

Prior to issuing my findings, I contacted Ms J's representative to let them know that I didn't intend to uphold Ms J's complaint. In summary, I set out that Ms J:

- was unable to evidence which payments were attributed to which investments.
- made the payments without a reasonable basis for believing that they were for a

- legitimate investment.
- was dishonest with Starling when discussing the payments, stopping it from being able to advise her about relevant fraud risks.

Ms J's representative disagreed with that assessment and set out their reasons why. So I am now in a position to issue my final 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.

In deciding what's fair and reasonable in all the circumstances of a complaint, I'm required to take into account 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 time.

Starling was a signatory to the Lending Standards Board's Contingent Reimbursement Model (the CRM Code) at the time the payments were made. Under that Code, firms were expected to reimburse customers that were victim to fraud, subject to a number of conditions and exceptions.

Those exceptions to reimbursement include, but are not limited to, where the customer made the payment(s) without a reasonable basis for believing that they were for genuine goods or services and/or the person or business with whom they transacted was legitimate.

Having carefully considered the evidence available, I find exception to reimbursement can fairly be relied upon here.

Ms J's representative has relied heavily on the way in which Ms J was introduced to the investment opportunity, as this was from a client of hers that she knew personally. However, I don't find it reasonable that Ms J based her belief solely on the recommendation of a third-party and chose to ignore some of the red flags she was presented with before deciding to proceed.

Furthermore, I have been unable to corroborate the exact nature of that recommendation, such as how convincing it was or what Ms J's client claimed to have achieved from their investment. Ms J also possesses no evidence regarding the investment opportunities she was presented with. So I cannot corroborate what the investment opportunities entailed or how realistic they were. However, I can see from the chats Ms J has provided that in some cases she was promised monthly returns of up to 40%; this is unrealistic on any given market of investments.

Ms J's representative has argued that Ms J was an inexperienced investor, and I have taken that on board when considering this case. But I would argue that a person inexperienced in such matters ought reasonably to take additional care when exploring investments they have no prior knowledge of.

What I can establish is that at the time Ms J decided to invest, basic online research would have revealed that the opportunity she was persuaded to invest in had several warnings about it published online, including on the FCA's website. This demonstrates that Ms J likely carried out no independent research of her own before proceeding.

Overall, I'm persuaded that Ms J made the payments subject to this dispute without a reasonable basis for believing that they were for a legitimate investment.

The CRM Code also places a standard of care on the signatory to provide effective warnings where fraud risks are, or ought to have been, identified.

Starling did intervene in one of the payments made, so it did correctly identify a fraud risk in this case and contact Ms J to establish the purpose of the payments being made.

I have listened to this call carefully and have noted that Ms J wasn't honest with the representative when asked about the nature of the payments being made. She told the representative that she was transferring the money to a friend's company, who was assisting her in exchanging the funds at a competitive exchange rate.

She also told the representative that she had transferred funds to that friend previously from another account without issue. Ms J was convincing and confident in her responses, so I can understand why the representative had no concerns when allowing the payment to progress.

Ms J's representative has argued that the responses Ms J provided did not make sense in the context of the payments being made, but they have not elaborated on why they believe that to be the case: I therefore find no merit in that argument. To the contrary, I find Ms J's responses were persuasive and provided reassurance that there was little risk associated with those payments.

For the above reasons, I find that there was little Starling could have done to warn Ms J about the risks associated with the actual reasons she was making the payments, as it was unaware of the true nature of the payments being made. I therefore find that Starling cannot reasonably be held partially liable for Ms J's loss.

### **My final decision**

For the reasons I have given above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms J to accept or reject my decision before 26 February 2026.

Stephen Westlake  
**Ombudsman**