

The complaint

S a limited company complains Starling Bank Limited unfairly refused to add a director of S to its business account.

S is represented by a director – Mr Y.

What happened

The detailed background to this complaint is well known to both parties. So, I'll only provide a brief overview of some of the key events here.

S held a business account with Starling since 2021, with Mr Y being a director since the inception of S. In September 2024 Mr Y accepted an invitation to be added on to S's business account. Starling reviewed Mr Y's details and explained it would not be able to add Mr Y onto the account.

A formal complaint was raised with Starling, and in its final response dated 23 October 2024 Starling explained that it requires all applicants of a business account to be successfully approved in order to be granted access. This means the application would need to pass its onboarding verification checks. In Mr Y's instance, the required checks meant Mr Y couldn't be added to the account. Starling explained it had carried out this process in line with the account terms and conditions. Starling also acknowledged that Mr Y had been a director since S was set up, but as access for him was not requested at that stage, these checks were not carried out at that time.

Unhappy with the response received, S referred the complaint to our service. In its referral S explained that Starling's decision meant that Mr Y was unable to carry out day to day financial tasks. Mr Y asked for an explanation for the decline and an opportunity to check the correct details have been used for Starling's checks.

An Investigator reviewed the complaint, and in summary made the following findings:

- The basis of Starling's decision is commercially sensitive, so we are unable to share that information with Mr Y.
- But when a business refuses an application, we expect it to tell us why it did so, and the evidence it has relied on in reaching this decision.
- Starling hasn't provided the relevant evidence to show its rationale for declining Mr Y's application.
- Starling should pay S £100 for the impact of its decision as Mr Y has been unable to directly control the business account.

Starling agreed to pay the £100 to S, but Mr Y disagreed with the review. Mr Y said the lack of access has caused much inconvenience. Although there was no financial loss, the time taken to manage payments uses up around 30 minutes a day.

As no agreement could be reached, the complaint has been referred for an ombudsman's 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.

I appreciate Mr Y was disappointed by the Investigator's opinion. I'd like to reassure Mr Y that I've considered the whole file and what's he's said. But I'll concentrate my comments on what I think is relevant. If I don't mention any specific point, it's not because I failed to take it on board and think about it, but because I don't think I need to comment on it to reach what I think is a fair and reasonable outcome. No discourtesy is intended by me in taking this approach. Our rules allow me to do this. This simply reflects the informal nature of our service as a free alternative to the courts.

I'll start by setting out some context for the review of Mr Y's application to be added to S's account. UK legislation places extensive obligations on regulated financial businesses. Financial institutions must ensure detailed checks are carried out on account holders to ensure it holds accurate and clear information about its customers. This applies to both new and existing relationships. These obligations override all other obligations. In this case I'm satisfied Starling was complying with these obligations when it reviewed Mr Y's application.

Starling has explained to this service in confidence the reason why it declined Mr Y's application to be added on to the account. 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. Some of the information Starling has provided is information that we considered should be kept confidential. This means I haven't been able to share a lot of detail with Mr Y, but I'd like to reassure him that I have considered everything that Starling and he have told us.

The reason Starling has provided for declining Mr Y's application requires further rationale and evidence to show how it reached this stage. Starling hasn't provided this additional evidence, although it has been requested by our service. This means I am unable to conclude that its decision to decline the application from Mr Y was reached fairly.

Starling is entitled to set its own policies and part of that will form their risk criteria. It is not in my remit to say what policies or risk appetite Starling should have in place. So I am unable to compel Starling to add Mr Y to the account or provide an explanation about why his application was declined. But I can consider what impact its actions have had on S and what steps Starling must take to put this right.

Mr Y says the £100 recommended by the Investigator fails to reflect the inconvenience caused. It's not in dispute that not having access to the business account will have an impact on S and its day to day running. However, I consider the £100 recommended to be fair and in line with our approach to compensation. Reaching an award for distress and inconvenience is seldom straightforward. The issues involved are subjective by their very nature and the impact on the consumer can be difficult to determine. Our awards are not intended to be punitive for businesses, and their fundamental aim is to recognise the impact on a consumer where there have been shortcomings.

I must also highlight this complaint is brought by S, a separate legal entity to Mr Y. I appreciate Mr Y is a director of S, but I am unable to consider the inconvenience on him in a personal capacity. Mr Y says the time taken to process payments is now longer and Starling has failed to provide clear reasons. I accept these points, but I consider the £100 to be a fair payment to recognise the impact on S.

I know this will not be the outcome Mr Y was hoping for, and he will be disappointed with the decision I've reached. But I hope my decision provides some clarity around why I won't be asking Starling to take action beyond what I have outlined below.

Putting things right

Starling Bank Limited should pay S £100 compensation for the inconvenience caused by its decision not to add Mr Y to the business account.

My final decision

My final decision is that I uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask S to accept or reject my decision before 6 February 2026.

Chandni Green
Ombudsman