

The complaint

Ms J is complaining that Starling Bank Limited hasn't agreed to refund a payment that was made from her account after she fell victim to a scam.

What happened

On 17 September 2024 Ms J received a call from someone (the scammer) who said they were from the Financial Services Compensation Scheme (FSCS). They told Ms J that her Starling card had been used fraudulently, and she needed to move her funds out of her Starling account to keep them safe. She says she also received a message about a declined transaction she hadn't made which looked like it was from Starling, which helped persuade Ms J that the caller was genuine.

As part of the scam, a payment of £1,546.25 was made by debit card from Ms J's account to a company which specialises in gift cards (in this case, for a football club). Ms J realised she'd been scammed the next day when she saw the disputed payment, and she reported what had happened to Starling.

Starling didn't initially log Ms J's report as a scam claim, so it didn't progress things as quickly as it should have. Ms J spoke to it again on 1 October 2024, at which point it took steps to log and investigate her claim. But it told Ms J there were no grounds to attempt a chargeback to recover the payment, because she had authorised it.

Ms J complained to Starling, and it issued its final response letter on 17 October 2024. It said it thought Ms J had authenticated the payment through its app, and it considered she was aware a payment was being made so it was unable to raise a chargeback claim. It accepted it could have handled Ms J's initial fraud report better than it did and offered her £120 in compensation which has now been paid.

Ms J brought her complaint to the Financial Ombudsman Service, but our Investigator didn't think it should be upheld. She said, in summary, that she considered Ms J had authorised the payment and she didn't think Starling ought to have done anything to prevent it. She didn't think Starling was unreasonable not to raise a chargeback, because it was unlikely to have been successful.

Ms J didn't agree, so her complaint was passed to me for review and a decision.

I issued my provisional decision on 5 December 2025, explaining that subject to any further information or evidence I received, I didn't intend to uphold Ms J's complaint. This is what I said.

"Did Ms J authorise the payment?"

The relevant law here is the Payment Services Regulations 2017 – these set out what is needed for a payment to be authorised and who has liability for disputed payments in different situations. With some exceptions, the starting point is that the consumer is

responsible for authorised payments, and the business is responsible for unauthorised payments.

Ms J disputes authorising the payment, so I'll address this point first.

The PSRs specify that authorisation depends on whether the payment transaction was authenticated correctly – and whether Ms J, or someone acting on her behalf, consented to it.

The PSRs go on to specify how consent is given. It must be in the form, and in accordance with the procedure, agreed between Ms J and Starling. I've reviewed the terms of Ms J's account with Starling, but they don't appear to specify exactly how Ms J gives consent to card payments. But broadly speaking, this is usually through entering the long card number, the card expiry date and CVV into the merchant's website.

From what Ms J says it seems it was the scammer who gave the payment instruction on the merchant's website using her card details, which they could potentially have obtained through other means such as a phishing email if Ms J didn't share them in the call. Ms J has said she wasn't aware the payment was being made and didn't know about it until she logged into her Starling account the next day, but when she spoke to Starling about the scam on the phone she said she did review and approve the disputed payment thinking she was sending her funds to a "safe" account. But in any case, Starling says the payment was authorised as Ms J approved the payment in its app.

Starling has sent me some screenshots to show that the process flow here has steps which involve being sent a push notification showing a payment is waiting to be reviewed. This then opens a screen in the app asking for the payment to be reviewed. The payment amount and who it's being made to is shown on the screen with an option to approve or reject the payment. I think it would have been clear from these screens that a payment was being approved.

I've also seen evidence that the payment was approved on Ms J's trusted device that was already linked to her Starling account and was registered in May 2021. The app can only be accessed using Ms J's biometrics on her device, or by entering her password or passcode. This ties in with what Ms J told Starling in the call – that she did approve the payment in the app. Ms J says she does recall receiving a code and then sharing the code with the scammer, but it's not clear to me what this was in relation to because I can't see that a code was used to approve the disputed payment. Overall, I think Ms J did approve the payment using the process Starling's outlined.

Although it appears Ms J didn't enter her card details to make the payment, I'm satisfied that the payment was correctly authenticated using her card information and stronger authentication through the app. I appreciate that Ms J was tricked into taking these steps, but under the rules this isn't a consideration in whether the payment was authorised.

So, I think it was reasonable for Starling to consider the payment instruction to be genuine and to process the payment. As such, it's reasonable for Starling to treat the payment as having been authorised and it's not obliged to provide a refund.

Should Starling have recognised the scam and intervened?

I've concluded that the payment was authorised, so I've now gone on to consider if Starling should have done anything else to prevent it. And I don't think it should have. I'll explain why.

When a payment is authorised, Starling has a duty to act on the payment instruction. But in

some circumstances, it should take a closer look at the circumstances of the payment – for example, if it ought to be alert to a fraud risk, because the transaction is unusual, or looks out of character or suspicious. And if so, it should intervene, for example, by contacting the customer directly, before releasing the payment. I'd expect any intervention to be proportionate to the circumstances of the payment.

But I've also kept in mind that Starling processes high volumes of transactions each day. There is a balance for it to find between allowing customers to be able to use their account and questioning transactions to confirm they're legitimate.

When the disputed payment was made, I don't think there was anything about it that I'd expect to have caused Starling any concern that Ms J was at risk of significant financial harm through a scam. The payment was higher in value than payments Ms J typically made from her account, but not significantly so. And although I appreciate it was a lot of money for Ms J to lose, the value of the payment wasn't significant in the context of the payments Starling processes every day, and it was certainly below the value where I'd expect Starling to have taken a closer look at it. So, I wouldn't have expected Starling to have identified a scam risk and intervened before it was processed.

Could Starling have done more to recover the payment?

The payment was made by debit card, and as such once it had been authorised it wasn't possible for Starling to cancel it, even in a pending state. It's possible to dispute a debit card payment through a process called chargeback, which can sometimes be attempted if something has gone wrong with a debit card purchase, subject to the relevant card scheme's rules.

Starling doesn't appear to have raised a chargeback when Ms J disputed the payment, but I'm satisfied that there would have been little prospect of a chargeback being successful here. I say this because I've concluded the payment was authorised by Ms J, and because the payment was made to a legitimate merchant which would have provided the goods Ms J's payment was used to buy, albeit not to Ms J.

Other considerations

Ms J originally reported what had happened on 18 September 2024, but the chat ended before all of Starling's questions were answered and it then doesn't appear to have taken immediate action to investigate further. This didn't make a difference to the outcome of the claim, because as I've explained, the payment couldn't be cancelled at that point. But although the delay didn't make a difference to the outcome of the scam claim, I can understand how it would have had an impact on Ms J. However, Starling has already paid Ms J £120 to compensate her for this and in all the circumstances, I think this is fair and reasonable.

Conclusion

I'm sorry to disappoint Ms J as I can see that she feels strongly about what's happened here. As the victim of a cruel scam, I can understand why she'd think she should get her money back. But from what I've seen so far, I've not found that Starling ought to have done anything else here. So, I don't think it would be fair or reasonable to ask it to refund the disputed payment."

Ms J responded to my provisional decision with the following points (which I've summarised).

- In October 2025 she received a refund from Starling in what she considers to be identical

circumstances; in a card dispute where someone fraudulently removed funds from her account by impersonating a Starling staff member. She would like me to explain why Starling was willing and able to refund her money in almost identical circumstances to this complaint where it hasn't done so here.

- She doesn't consider that the £120 compensation reflects the seriousness of Starling's error and the prolonged worry and disruption she experienced. She has pointed to our guidance, and the length of time she has waited for a resolution to her complaint and feels the compensation award should be higher given the high level of her loss and the stress and disruption she has experienced.

Starling didn't have anything to add after receiving my provisional 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.

Once again, I'm sorry to disappoint Ms J but having done so, I've not changed my provisional decision that I'm not upholding her complaint.

I'm not aware of all the circumstances of the scam Ms J recently experienced, or the details of why she has received a refund in that case. But I don't think I need to investigate what has happened in Ms J's recent scam case further, because in any event it wouldn't affect my decision about whether Starling's actions were fair and reasonable in all the circumstances of this complaint. Ms J has mentioned the Contingent Reimbursement Model (CRM) code which can provide customers with protections where they've been victims of an Authorised Push Payment (APP) scam. However, the CRM code doesn't apply to card payments, so I can't consider Ms J's complaint with it in mind.

I've thought about what Ms J has said about the compensation for the delay in Starling investigating her scam report. As I've said in my provisional decision, this delay didn't affect the outcome of her scam claim or make any difference to whether the payment could have been successfully recovered. And she received the outcome to her claim within three weeks of her initial report, which I don't consider to be a substantial delay.

I'm not underestimating the effect of the financial loss Ms J's experienced, and the worry and upset caused by both the loss and the time she's spent pursuing her complaint. But her loss was caused by the scammer, and Starling isn't responsible for her loss, or for the time it's taken to pursue a complaint about what happened (beyond the initial delay in its investigation of her scam report). I'm satisfied that the £120 Starling has already paid Ms J for the delay in investigating her scam report and providing the outcome to her claim is fair and reasonable in all the circumstances.

My final decision

My final decision is that I'm not upholding Ms J's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms J to accept or reject my decision before 2 February 2026.

Helen Sutcliffe
Ombudsman