

The complaint

V, a company complains that Starling Bank Limited, having restricted its account following the removal of a director, unfairly forced it to incur legal costs to have the restriction removed.

V is represented by a director, Mr C.

What happened

In July 2025 Mr C contacted Starling to inform it that one of V's directors, Mr B, was due to be removed at an impending shareholders meeting. He wanted to make it aware in case Mr B attempted to stop access to the business account. The agent said the account would need to be restricted as there was a dispute. Mr C asked that this did not happen as it would cause them difficulties.

On the 11 August 2025 Mr C advised Starling that the shareholders meeting had taken place and Mr B had been removed as a director. However Starling went ahead and placed a restriction on the account and wouldn't remove it without evidence that the dispute had been resolved. It asked for:

- A copy of the board minutes showing that the person had been removed.
- A copy of the stock transfer form (signed) - confirming that they no longer owned a significant part of the company.
- A letter from their solicitor that says they've been removed from the Companies House record.

Mr C said that as Mr B didn't agree to the removal, he couldn't provide the latter two documents. In respect of the minutes Starling couldn't accept them as evidence of Mr B's removal as they weren't signed by him. V approached its solicitors who advised in a letter of 8 September that the removal had taken place as explained. Starling accepted the letter as sufficient evidence and removed the restriction.

Mr C and the solicitors thought the requirements were unnecessary and pointed out that Starling had removed the restriction without the documents requested. He demanded that Starling pay £1,000 towards V's legal costs.

Starling accepted that there were delays in responding to Mr C between 13 and 18 August, and again between 22 August and 29 August, and paid £100 compensation. It denied liability for the legal costs, as it believed it had acted fairly in restricting the account pending resolution of the dispute.

On referral to the Financial Ombudsman Service, our Investigator said Starling was right to restrict the account at the centre of this dispute, and so didn't intend to ask it to pay any additional compensation.

Mr C disagreed and said we hadn't taken account of the fact that Mr B was not an authorised person at the point at which Starling demanded the information. He felt that we had ignored the fundamental point of this being caused by Starling's undoubted misapplication of its own terms and conditions. He said V had incurred a further £600 in legal costs.

The matter has been passed to me for an Ombudsman's consideration.

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.

Starling had said that it acted to restrict the account once it had been notified of the dispute. And I think there clearly was a dispute, as Mr B didn't accept his removal. So I think it was reasonable to restrict the account, and Mr C agrees this.

The complaint centres on the information that Starling requested to allow it to remove the restriction. The following term has been cited:

"If you inform us or we become aware of a dispute within the Company, we will go through the following process:

1. We will place a restriction on the Business Current Account to state that we will only take written instructions via the App sent by all Authorised Individuals (this means we will not process payment instructions from the Business Current Account unless authorised to do so by all the Authorised Individuals); and

2. We will only remove the restriction when all the Authorised Individuals have confirmed in writing that the dispute has been resolved."

In order to be satisfied that Mr B had been properly removed as a director, Starling requested the three documents I have set out in the background above. V disputes Starling's entitlement to ask for those documents. Mr C argues that this is on the basis that once removed Mr B was not an authorised individual. So as all authorised individuals had confirmed the dispute had been resolved, Starling should have removed the restriction. Starling said it would accept a letter from V's solicitors, which again Mr C argues wasn't necessary.

I think, on a fair and reasonable basis, Starling was entitled to satisfy itself that Mr B was no longer a director or an authorised person. Mr C said in his complaint that Mr B demanded that he retain access to the bank account so I think he was authorised before his removal. In those circumstances I think Starling was entitled to ask for information showing his removal and that the dispute was resolved. Companies House is only able to record Mr B as having resigned.

As the record wasn't accurate and given that Mr B and/or his solicitors were not responding to Starling, it accepted as an alternative, a letter from V's solicitors. I've seen Starling's internal notes on this subject and overall I'm satisfied that the request for the documents in question and the solicitors' letter was reasonable.

In respect of the legal costs, I would observe that they were not only for the letter but included advice about the position and subsequent correspondence with Starling. And Mr C claims additional costs in respect of advice regarding the complaint.

In respect of the delays in responding to Mr C I think Starling's award of £100 was

reasonable. But I don't propose to award any legal costs as I think the solicitor's letter was reasonably requested. And while Mr C was free to use a solicitor to advise V we don't generally award legal costs for pursuing a complaint, and it wouldn't be appropriate to do so in this case.

My final decision

For the reasons set out above, I don't uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask V to accept or reject my decision before 20 February 2026.

Ray Lawley
Ombudsman