DRN-6055338

Financial Ombudsman Service

The complaint

Mrs S complains that Starling Bank Limited ("Starling") failed to refund money that Mrs S lost as part of a scam.

What happened

Mrs S was contacted by a person who said that she could earn money by working for a company that I will call B. Mrs S was told that she would need to complete sets of online tasks and that she would be paid for this. But once she started, she was told that she had to pay fees to unlock further tasks and release her earnings.

From her Starling account Mrs S made 2 card payments totalling over £12,000 to a third-party transfer company. The funds were then sent to a crypto exchange and were then exchanged into crypto and then sent on to B. These transactions took place in May 2025.

Mrs S was told she had to pay a series of fees to get her earnings and at this point she realised that she had been scammed.

She raised a complaint with Starling as she thought that it should have prevented her from sending the funds to the scammer. Mrs S requested that she be refunded the transactions in question.

One of our investigators looked into this matter and they did not uphold this complaint.

Mrs S did not agree with this and therefore her complaint was passed to me to issue a 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 this decision, I'll concentrate my comments on what I think is relevant. If I don't comment on a specific point, it's not because I've failed to consider it, but because I don't think I need to comment in order to reach a fair and reasonable outcome. Our rules allow me to do this and this reflects the nature of our service as a free and informal alternative to the courts.

In broad terms, the starting position at law is banks are expected to process payments and withdrawals that a customer authorises it to make, in accordance with the Payment Services Regulations and the terms and conditions of the customer's account.

But, taking into account relevant law, regulators' rules and guidance, relevant codes of practice and what I consider to have been good industry practice at the time, I consider it fair and reasonable that Starling should:

• have been monitoring accounts and any payments made or received to counter various risks, including preventing fraud and scams;

• have had systems in place to look out for unusual transactions or other signs that might indicate that its customers were at risk of fraud (among other things). This is particularly so, given the increase in sophisticated fraud and scams in recent years, which firms are generally more familiar with than the average customer;

• in some circumstances, irrespective of the payment channel used, have taken additional steps, or made additional checks, or provided additional warnings, before processing a payment – (as in practice Starling sometimes does including in relation to card payments);

• have been mindful of – among other things – common scam scenarios, how the fraudulent practices are evolving (including for example the common use of multistage fraud by scammers, including the use of payments to cryptocurrency accounts as a step to defraud consumers) and the different risks these can present to consumers, when deciding whether to intervene.

I think that Starling should have intervened when Mrs S made the second payment. I think that a proportionate intervention would have been to ask questions about the payments and provide a warning based on the answers provided. I can see that Starling did not intervene during this transaction. So I need to consider what would have happened if Starling had intervened during this transaction.

It is clear that Mrs S was being heavily coached by the scammer and they were actively persuading her that her account providers security attempts were not in her best interest. So I think that had Starling intervened, the scam would not have been uncovered or prevented. This is further demonstrated because her other current account providers did intervene but Mrs S did not provide accurate information about the circumstances surrounding the payments she was making. For example, she said that she was investing in crypto and was not going to send funds from the crypto account to a different account and there was no third-party involvement. Given this, I think it more likely than not that if Starling had questioned Mrs S further about the payments, she would have, at the prompting of the scammer, likely provided answers designed to allow the payments to go through. Also, I think that this would have prevented Starling from providing a warning that would have been completely relevant to the scam that Mrs S was falling for.

So overall, I think that Starling should have intervened more than it did. But I do not think that this would have likely stopped or uncovered the scam.

I note Mrs S's comments that she was vulnerable at the time. But from what I can see, Starling was not aware of this at the time. So I don't think that it needed to adjust the way it dealt with Mrs S's account.

I've also thought about whether Starling did enough to attempt to recover the money Mrs S lost. In this instance, the APP reimbursement scheme does not apply as the payments were card payments. There would not have been a chargeback reason as essentially, the transactions were to move the funds to a third-party transfer firm and this is what happened.

I appreciate this will come as a disappointment to Mrs S, and I'm sorry to hear she has been the victim of a scam. However, I'm not persuaded that Starling can fairly or reasonably be held liable for her loss in these circumstances.

My final decision

For the reasons given above, I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs S to accept or reject my decision before 25 February 2026.

Charlie Newton
Ombudsman