

The complaint

Mr D complains about the service he received from Starling Bank Limited (“Starling”) when he encountered difficulties making contactless card payments abroad. Mr D is also unhappy at the service he received from Starling in handling his complaint and believes there has been a breach of the Financial Conduct Authority (“FCA”) rules in this regard.

What happened

Mr D was having difficulties making contactless payments abroad and contacted Starling about this on 4 and 5 February 2025 where he was told he’d reached his cumulative £300 contactless limit and that was the reason his payments were being declined without his PIN being entered. Mr D was advised to complete a chip and PIN transaction or withdrawal from an ATM.

Unfortunately, this advice was wrong and Mr D continued to have issues and raised a complaint with Starling.

Starling issued its final response on 13 February upholding Mr D’s complaint. It explained that the declines were happening because the payments being requested were over the £100 single contactless limit, apologised for its error and compensated him £50 for the incorrect information that was provided.

Mr D was dissatisfied with this stating that had he received a simpler complaint response with less errors than the £50 compensation might have been acceptable and expressed his unhappiness about how Starling had handled his complaint alleging that Starling had breached DISP 1.4 of the FCA Complaints resolution rules and asked to raise a complaint about the handling of the case. Mr D proposed a compensatory figure of £200.

Starling agreed that if given the opportunity it would’ve done some things differently but didn’t agree it was in breach of DISP 1.4. In recognition of the level of service and miscommunication issues experienced paid Mr D a further £100 and following this - as Mr D was still unhappy - a further £150 for any distress and inconvenience caused.

Mr D remained dissatisfied as he feels strongly that there has been a breach of the FCA rules in relation to complaint handling and so brought his complaint to this service. Mr D wants further compensation of £150 and recognition that Starling’s staff have not followed the regulator’s rules regarding complaint handling.

One of our investigators looked into Mr D’s concerns and thought that in relation to Mr D’s complaint point about the misinformation given to him about contactless payments that Starling had taken reasonable steps to ensure a good outcome by apologising for this and that the £50 compensation was fair for the impact this caused.

They explained that as Mr D’s other complaint points - and what Mr D referred to as the crux of his complaint - related to complaint handling which isn’t a regulated financial activity that this part of his complaint wasn’t something this service could consider and so wouldn’t be able to comment on the merits of Mr D’s complaint about how his complaint was handled.

Mr D disagreed and says it makes no sense that if a company fails to follow rules outlined in the FCA handbook – in particular DISP 1.4 Complaints resolution rules - that this falls outside this services remit and questions who he's to make a complaint in this regard to.

Mr D believes that this service can look at complaint handling as it is a process of a business performing a regulated activity and has asked for an ombudsman's 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 hope Mr D won't take it as a discourtesy that I have summarised his complaint in the way I have. Ours is an informal dispute resolution service and as the facts of this complaint are well known to both parties, I don't see the merit in repeating them in detail here.

It might help if I explain here, this service doesn't supervise, regulate or discipline the businesses we cover. And my role isn't to punish or penalise businesses for their performance or behaviour – that's the role of the regulator, in this case the FCA. So I can't look at Starling's internal complaints procedures or processes and tell it what it must do and even if it was in this service's power to do so, as complaint handling isn't a regulated activity, we wouldn't be able to look at Mr D's complaint if it solely related to this.

DISP 2.3.1 sets out the activities we can consider. The relevant activities in this case are "regulated activities", as stated in DISP 2.3.1 (1) one of which is listed as being payment services, but complaint handling and/or customer services on their own isn't one of them.

But there's also a provision in the rules that allows us to consider a complaint about an unregulated activity where it is ancillary to a regulated activity. The defined term of ancillary activity in the FCA's glossary is defined as:

"an activity which is not a regulated activity, but which is: (a) carried on in connection with a regulated activity; or (b) held out as being for the purpose of a regulated activity."

I think this is helpful for understanding what is meant by "ancillary."

And in this case following Starling's response to Mr D's initial complaint, Mr D raised further complaints about the handling and response to his complaint. And although I appreciate this stems from his relationship with Starling and his bank account held with it, the event or activity Mr D is complaining about following Starling's final response dated 13 February is the way his complaint was handled and responded to and I can't see that he has provided any detail regarding any new specific banking activity that he is complaining about.

So taking this all into consideration because I haven't seen any evidence to satisfy me that there was any link between the way Starling handled his complaint and a regulated activity being carried out (such as a payment service), I don't think we have the power to consider this part of Mr D's complaint.

But as Mr D's complaint about the difficulties he experienced in making contactless payments abroad relates to a payment service which is a regulated activity, we can consider this particular complaint point.

In this case it's not in dispute that something went wrong at Starling's end when advising Mr D regarding the issue he was having making contactless payments and that its

information could've been clearer about this.

So what I need to decide is whether Starling's apology, feedback and payment of £50 in this instance is a fair and reasonable way to settle Mr D's complaint about this. And I think it is.

Although I accept Mr D has been inconvenienced by Starling's error, I'm not persuaded that the impact this had on him warrants an uplift on the compensation already provided. Things don't always go smoothly, mistakes happen and as stated above our role isn't to punish or penalise the businesses we cover.

And in any case my understanding is that Mr D's contactless facility was working as it should've, Mr D hasn't lost out financially due to the misinformation provided about this and was able to make the payments he wished to make.

I appreciate Mr D's frustration at the initial lack of an initial detailed response provided by Starling to his complaint. But as I've explained above, complaint handling isn't a regulated activity so this part of Mr D's complaint isn't something I can look at and if Mr D continues to have concerns regarding Starling's complaint handling and internal procedures around this he should raise this with the FCA.

And so on this basis I think what Starling have already done to settle Mr D's complaint point regarding contactless payments is fair and I'm not going to ask Starling do anything more.

My final decision

For the reasons I've explained, I think what Starling Bank Limited has already done to settle Mr D's complaint is fair and I'm not going to ask it do anything more.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 24 February 2026.

Caroline Davies
Ombudsman