

The complaint

Mr G complains that Starling Bank Limited ('Starling') did not reimburse the funds he says he lost to a scam.

What happened

What Mr G says

Around October 2022 Mr G became acquainted with someone I'll call "L" who was studying the same subject as Mr G at university. Mr G met L in person and also spoke to him regularly via messages and phone calls. On one occasion around spring 2023 their conversation turned to investments. Mr G told L about his plans for the future and the investments he had to help him reach those goals.

Mr G says that in July 2023 L suggested Mr G move his money into forex and commodities trading that L could do for Mr G. L showed Mr G the supposed profits, and losses, he'd previously made while trading.

Trusting L, Mr G sent the following payments to L from his account with Starling:

Payment	Date	Payee	Payment type	Amount
1	28 June 2023	Bank account held by L	Transfer	£500
2	1 July 2023	Bank account held by L	Transfer	£500
3	4 July 2023	Bank account held by L	Transfer	£1,500
4	5 July 2023	Bank account held by L	Transfer	£9,000
5	5 July 2023	Bank account held by L	Transfer	£1,300
6	18 July 2023	Bank account held by L	Transfer	£6,500
			Total payments	£19,300

Mr G says that after the first payment, he was shown screenshots of the profits L had made for Mr G, as well as his own personal trades, which convinced Mr G to send more. L regularly told Mr G how well the investment was doing and sent him supposed evidence of the trading account.

L sent Mr G two payments of £800 on 31 July 2023 and 23 August 2023. L also sent Mr G £100 on 30 August 2023. In total Mr G received £1,700 back from L so his remaining loss is £17,600.

Mr G and L also spoke about going into business to create a forex trading training course. They started forming a plan and putting things in place. But as time went on, Mr G started to ask about withdrawing his funds. L told him the investment couldn't be withdrawn until February 2024. L also started trying to get Mr G to join in other business opportunities and asked if he could help him financially. Eventually L started to say that he couldn't give Mr G his money back but didn't give clear reasons why. Mr G was also sent a screenshot that suggested the trading had been done on a "prop" trading platform rather than the platforms Mr G was told L was using. Mr G questioned L whether his capital had even been used for

trading. Around the same time, Mr G started to find out more about L from other people, and online that suggested he might be a fraudster.

Mr G continued to try and get answers as to what happened to his money and how L would pay him back – but with no clear answers. Though L initially proposed a repayment plan, it was revoked soon after. As such, Mr G stopped communicating with L and raised a claim with Starling in January 2025. Starling rejected the claim and in response Mr G made a complaint, saying the following in support of his claim that he should be refunded:

- The bank should have identified the transactions were high risk and it should have intervened
- The scam was sophisticated
- That Mr G had a reasonable basis for believing the opportunity was legitimate because he had a prior legitimate relationship with L, the initial investment had seemingly generated returns based on screenshots sent to Mr G, he received evidence of trading activity and an account balance of over £25,000 and received verifiable returns of £1,700
- The bank did speak to Mr G at the time of payment six but didn't find any cause for concern either
- Post-scam there are industry articles exposing L's fraudulent behavior, legal disputes against L's company regarding unpaid wages, evidence of using a prop trading firm and an attempt at recovery fraud
- That Mr G met the CRM Code definition of vulnerability

What Starling says

Starling said that when it assessed the claim and subsequent complaint, it did so under the provisions of the Contingent Reimbursement Model Code ('CRM Code'). Starling decided that it had met its obligations under the CRM Code but Mr G hadn't. Starling said Mr G hadn't taken reasonable steps to check if the payments were genuine – including following its fraud prevention warnings and taking prevention measures such as verifying the legitimacy of the payments before sending. So it wouldn't be reimbursing Mr G. Starling also says Mr G:

- didn't receive any documentation regarding the investment
- didn't seek any financial advice
- didn't use a more secure method of payment
- completed no research such as checking the FCA register or due diligence on the trading companies supposedly being used
- had previous investment experience so should have understood that this wasn't the correct procedure to follow when making an investment
- had taken someone's word that the investment was legitimate and took no steps to check the information L was sending him

Starling confirmed it didn't have any concerns about payments one to five but did have concerns about payment six. It spoke to Mr G and allowed the payment to go through based on what he told Starling – that he was going into business with L and was sending money for a large purchase. Starling has said it wouldn't have been able to uncover the scam based on the information Mr G gave it when it spoke to him at the time of payment six and because L was Mr G's friend.

Our investigation so far

One of our Investigators considered the complaint and recommended that it be upheld. He said Mr G had a reasonable basis for belief when making the payments and should be refunded in full under the provisions of the CRM Code. He recommended Starling refund Mr G £17,700 plus 8% simple interest per year from the date Mr G's claim was declined.

Starling didn't agree with our Investigator's findings. In summary, it said it was unfair to hold Starling fully liable and our Investigator hadn't taken into account warnings and transaction monitoring. It also said it wouldn't have been able to prevent Mr G making the payments based on what Mr G told it when it did intervene on payment six and because Mr G was being scammed by a friend.

Because Starling didn't agree with the outcome of our Investigator's assessment, the complaint has been passed to me to make a final decision.

I sent Mr G and Starling a provisional decision on 15 December 2025, setting out why I intend to uphold the complaint. In my provisional decision I said the following:

"It isn't in dispute that Mr G authorised the payments. Because of this the starting position – in line with the Payment Services Regulations 2017 – is that Mr G is liable for the transactions. But he says he has been the victim of an authorised push payment (APP) scam.

Starling was signed up to the voluntary CRM Code, which provides additional protection to scam victims. Under the CRM Code, the starting principle is that a firm should reimburse a customer who is the victim of an APP scam (except in limited circumstances). But the CRM Code only applies if the definition of an APP scam, as set out in it, is met.

Starling hasn't disputed that what happened is an APP scam and has given an outcome under the CRM Code. In any event, I have thought about whether there is evidence that Mr G has been the victim of an APP scam. On balance, having reviewed the information both parties have provided, including confidential information I'm unable to share due to data protection laws, I am persuaded that L likely didn't use Mr G's funds for the intended purpose he had in mind. So I'm satisfied that Mr G has most likely been the victim of an APP scam and that the CRM Code applies to the payments Mr G made.

Mr G's vulnerability

Mr G has kindly provided us with information about his personal circumstances and life events that happened before, during and after the payments in dispute. I won't go into detail here, but it's clear that Mr G has been through some very challenging times. He has said that in hindsight he thinks L preyed on his vulnerability.

The CRM Code says:

"A Customer is vulnerable to APP scams, if it would not be reasonable to expect that Customer to have protected themselves, at the time of becoming victim of an APP scam, against that particular APP scam, to the extent of the impact they suffered...In these circumstances, the Customer should be reimbursed notwithstanding the provisions in R2(1), and whether or not the Firm had previously identified the Customer as vulnerable."

Broadly speaking, Mr G has said L used the knowledge of what Mr G was going through to manipulate him into sending him money. He's also said he was clearly vulnerable to this type of scam, evidenced by L trying to start a recovery scam.

I accept that Mr G had been going through a tough time and no doubt was affected by those events, but I don't think this meant he was particularly vulnerable to this type of scam. And having reviewed the extensive chat history between Mr G and L, I don't think what Mr G was going through at the time of the payments reasonably prevented him from being able to protect himself from being scammed by L. Falling victim to a scam in itself isn't evidence that a person wasn't able to protect themselves from it. Before he made any of the payments, Mr G asked questions about which broker L used, whether he traded CFD's or spreads, what type of account L had and the possibility and frequency of losses L saw. Mr G engaged with the answers L provided and seemingly understood them. Mr G also showed he was aware of the risks involved with trading and sending money to L generally. Further, as time went on Mr G was able to carry on with his studies as well as putting time and effort into researching and forming the business idea that he and L had talked about.

So while I don't doubt the effect Mr G's circumstances had on him at the time, for the reasons above, I don't agree that they meet the CRM Code definition of vulnerability. It follows that I don't think Starling need to reimburse Mr G under this particular provision of the CRM Code.

Is Mr G entitled to reimbursement under the CRM Code?

Under the CRM Code, a Sending Firm (in this case Starling) may choose not to reimburse a customer if it can establish that:*

- ...The customer made the payment without having a reasonable basis for believing that:
 - the payee was the person the Customer was expecting to pay;*
 - the payment was for genuine goods or services; and/or*
 - the person or business with whom they transacted was legitimate.**
- The customer ignored what the CRM Code refers to as an 'Effective Warning' by failing to take appropriate action in response to such an Effective Warning.*

**Further exceptions outlined in the CRM Code do not apply to this case.*

When assessing whether it can establish these things, Starling must consider whether they would have had a 'material effect on preventing the APP scam'.

Reasonable basis for belief

I have considered whether Mr G had a reasonable basis to believe L was legitimate and was providing a genuine investment opportunity.

Mr G had built a friendly relationship with L over many months. He'd met L a number of times while studying but also socially. They discussed their studies, travelling and other general topics including personal matters. Over those months Mr G got to know L fairly well and the friendship wasn't predicated on the investment opportunity or making money.

Mr G understood L to have been quite wealthy due to ventures prior to starting at the university. I don't know exactly what was discussed and shown to Mr G about L's experience in trading and investing when they met in person or spoke on the phone. But it seems there was some discussion about L being able to trade in Forex because the messages I have seen show that initially Mr G asked L if he could teach him how to trade Forex. L then said he could trade for Mr G. As mentioned above, Mr G asked some questions about this and was shown screenshots supposedly showing the returns L had made in the weeks prior.

Trusting in what L had told him, and starting with a relatively small investment, Mr G sent the first payment of £500.

Soon after the first payment, L told Mr G how much he'd already made in profit for him. Mr G sent another £500. Soon after, L told Mr G about his own longer term and higher value strategy along with how he tried to mitigate risks with his trades. He asked Mr G whether he was interested in putting a larger amount of money in, suggesting it would yield better results than where Mr G had his money invested at the time. L continued to tell Mr G about the returns he was making for Mr G. In turn, Mr G cashed in his other investments and sent the rest of the payments to L.

Overall I'm persuaded that Mr G knew L relatively well before making the payments and trusted him when he was shown evidence to suggest he was making money by trading forex. Though L persuaded Mr G to invest more and more, the evidence I've considered doesn't suggest any significant pressure being put on Mr G that might have caused him concern.

Starling has said that Mr G didn't have a reasonable basis for believing the opportunity was genuine and should have picked up on some red flags. But I note that when Starling spoke to Mr G about one of the payments, and he told them it was for an investment, Starling didn't have any concerns and didn't suggest Mr G take any of the steps it has since suggested he should have taken.

Starling says Mr G should have realised this wasn't the usual way of making an investment – because of his previous experience. But Mr G's prior experience was different, some of his money was previously invested in a stocks and shares ISA and other money was invested in cryptocurrency which Mr G had purchased himself. And the arrangement here was between two friends rather than a formal arrangement which would require formal documentation. Starling has also said that Mr G could have checked the FCA register and looked into the trading platforms that L was supposedly using. But I don't think Mr G would have expected to see L on the FCA register in any event, and the platforms L said he was using were legitimate trading platforms. So I don't think that would have made any difference to Mr G's basis for believing this was a genuine opportunity.

I have considered that Mr G had no control over the trading or access to the supposed trading accounts. But it appears Mr G had little to no experience of trading and was persuaded by someone he knew and trusted that they did have experience and were making profits. So I don't think not having access to the platforms would have been a concern to Mr G. And while I don't think Mr G's circumstances met the definition of vulnerability as defined by the CRM Code, I do think they played a part in his belief that the opportunity was genuine and could make him money to help set him up for the future and reach his goals.

On balance, I think there was enough to reasonably convince Mr G at the time of all the payments that L was genuinely going to trade on his behalf in order to make profits. So I don't think Mr G made the payments without a reasonable basis for belief that L and the investment was genuine.

Effective Warnings

I have also considered whether Starling can rely on the exception to reimbursement that Mr G ignored what the CRM Code deems to be an 'Effective Warning'. In short, the CRM Code said that where the firm identifies an APP scam risk it should take reasonable steps to provide their customer with 'Effective Warnings'. It goes on to say that as a minimum, an Effective Warning should be understandable, clear, impactful, timely and specific.

Starling only need to provide an Effective Warning when it identifies APP scam risks during a payment journey. Having considered Mr G's usual account activity, I would have expected Starling to have had concerns about payment four, five and six at least. Starling did show Mr G a new payee warning when he first setup L as a payee but otherwise didn't show Mr G any other warnings when he made payments one to five.

Starling did have concerns about payment six and asked Mr G some automated questions about it which included some short red flags associated with scams generally. Starling also spoke to Mr G on the phone before allowing the payment to go through. While Mr G was asked questions about the purpose of the transaction and told that it was being checked because of a fraud risk, he wasn't provided with any real scam warning and certainly not one that met the definition of an Effective Warning as defined by the CRM Code.

Overall Starling hasn't been able to evidence that Mr G was provided with an Effective Warning on payments four, five and six, which I think it was required to give him. As no Effective Warnings were provided, Mr G couldn't have ignored them, so Starling can't seek to rely on this as an exception to reimbursement for those payments. I'm also persuaded Mr G had a reasonable basis for belief that the opportunity was genuine, so Starling should reimburse Mr G in full for those three payments under the provisions of the CRM Code. I'm also persuaded that Mr G had a reasonable basis of belief that the opportunity was genuine when he made the other payments, that didn't require an Effective Warning. So, Starling should reimburse Mr G in full for those payments too under the provisions of the CRM Code.

Should Starling have done anything else to prevent the loss?

In accordance with the law, regulations and good industry practice, Starling should have been on the look-out for, and protect its customers against the risk of fraud and scams. If the bank does identify a fraud risk, it should intervene before releasing the payment.

Starling has said it wasn't concerned about payments one to five at the time and didn't think it would have made a difference if it had intervened anyway. Having reviewed Mr G's statements, I do think payment four was sufficiently unusual and should have triggered Starling's fraud detection systems - prompting it to intervene before releasing the transaction. I think a proportionate intervention would have been for Starling to speak to Mr G and ask him questions to narrow down the scam risk and provide appropriate warnings based on his answers.

But on balance, even if Starling had intervened and contacted Mr G, I don't think it would have made a difference to Mr G's decision making or that Starling could have reasonably prevented the loss.

I say this because I believe Mr G truly trusted L and the evidence of returns he'd supposedly been making for him. I don't think he would have thought he was being scammed even if Starling had uncovered the true reason for the payment and gave Mr G relevant scam warnings. So I don't think Starling would have been able to break the spell of the scam and ultimately prevent Mr G from transferring L the rest of the money that he did.

Recovery of funds

I've considered whether Starling did what it could to recover the funds Mr G lost after he reported the matter to it. I can see that Starling did attempt to recover the funds from the recipient account. But by the time the claim had been raised to Starling, Mr G's funds had already left the recipient account.

Remaining loss

Our Investigator recommended Starling reimburse Mr G £17,700 plus interest at 8% a year simple. But this was based on the value of Mr G's payments to L (£19,300) less two payments Mr G received from L totalling £1,600.

However, I note that Mr G has said in his submissions that he received verifiable returns of £1,700 from L. And I can see from Mr G's statements that he received three payments totalling £1,700) from L after the payments Mr G made. So I'm persuaded that Mr G's remaining loss is therefore £17,600.

Summary

Overall, I am satisfied, based on the evidence available, that Mr G was more likely than not the victim of an APP scam. And his fraud claim is therefore covered by the provisions of the CRM Code. I'm also satisfied Starling can't fairly rely on any exceptions to reimbursement under the CRM Code so Starling should reimburse Mr G under the provisions of it. In my judgment, this is a fair and reasonable outcome in the circumstances of this complaint.

Putting things right

I'm provisionally minded to uphold this complaint and require Starling Bank Limited to pay Mr G:

- £17,600; and
- 8% simple a year interest on that amount from the date Starling declined Mr G's claim, to the date of settlement."

I said I'd consider anything further Mr G and Starling submitted following the provisional decision.

Responses to my provisional decision

Mr G responded to my provisional decision and confirmed he accepted the outcome and had nothing further to add.

Starling raised several points in response to my provisional decision. I won't list them all but in summary Starling has said it has acted on its contractual duty to comply with its customer (Mr G)'s, payment instructions and has referenced a relatively recent court case, Philipp v Barclays Bank UK PLC [2023] UKSC 25, in support of this position. Starling has also said based on the information available to it at the time, including prior transaction history, it had no reason to believe what was happening was a scam but has clarified that warnings were in fact shown to Mr G at the time of payments one to five. But Starling doesn't believe it could ever have prevented the scam, nor does it believe it was the point of loss and that there was a break in causation.

Starling has also said Mr G's professional and academic circumstances should be re-considered, along with his prior investment experience when considering his role in what happened and the due diligence he completed.

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 have considered this additional information, but it doesn't change my decision.

None of the information Starling has provided to me about Mr G's circumstances is new to me. I carefully considered Mr G's circumstances and actions when reaching my provisional decision. That included taking into account Mr G's academic studies, prior investment experience and knowledge, professional experience and the fact he had setup a company with L – though I note that was after the disputed payments. It also included careful consideration of the relationship Mr G had formed with L, including the whole chat history between them, the trust built between them and the information he'd been shown that convinced him. None of the information Starling has sent me changes my decision. For the same reasons I explained in my provisional decision, I think Mr G had a reasonable basis for believing that L was offering a legitimate opportunity to Mr G.

Regarding what Starling has said about being the point of loss and breaking the chain of causation. First of all, I don't agree that Starling wasn't the point of loss. There's no dispute that Mr G has been the victim of an APP scam here, and I'm persuaded by the available evidence that his funds weren't used for the intended purpose for which he sent them and were not sent to legitimate platforms to trade with. And the key consideration in this case is the CRM Code. There's been no dispute that Mr G has been the victim of an APP scam. And the payments he made to L from his Starling account are caught by the CRM Code. The CRM Code was a reimbursement scheme which Starling was signed up to at the time of the payments. Broadly speaking, the CRM Code said victims of APP scams should be refunded, subject to limited exceptions. As explained in my provisional decision, I don't think Starling has been able to evidence that any of the CRM Code exceptions to reimbursement apply and he should therefore be refunded.

Related to this point, Starling has said that it would never have been able to have broken the spell of the scam and prevented it. In my provisional decision I explained why I thought Starling should have intervened and spoken to Mr G at an earlier stage, but even if it had, it wouldn't have been able to uncover the scam. But while it might be the case that Starling couldn't have prevented the scam, that's not a valid reason for Starling to refuse reimbursement under the CRM Code. As a result, I don't agree that Starling can't be held fully responsible for Mr G's loss under the provisions of the CRM Code.

Starling has also referenced a Supreme Court case, *Philipp v Barclays Bank UK PLC* [2023] UKSC 25, saying that part of the judgment made it clear that a bank has a basic and strict contractual duty to comply with its customer's instructions promptly, not to concern itself with the wisdom or risks of its customer's payment decisions. Starling also says that even if it had intervened Mr G would have still made the payment instruction and Starling would have breached its mandate if it refused. Much like above though, this is not a valid exception to reimbursement under the provisions of the CRM Code. So for the same reasons provided in my provisional decision, and explained above, Starling has not been able to evidence that any of the exceptions to reimbursement under the CRM Code apply.

Turning back to the CRM Code, Starling has clarified that a warning was in fact shown to Mr G at the time of payments one to five. This is new information to me. But it doesn't change my decision. Having reviewed the warning Starling says it gave Mr G, it was a very general scam warning and wasn't specific to the type of scam Mr G was falling victim to. It was more focused on what's known as a "safe account" scam and nothing in the warning was specific to the circumstances Mr G was in. I don't think he'd have thought any of the circumstances described in the warning applied to the situation he was in and was therefore not impactful. As such, the warnings Starling says it provided do not meet the CRM Code definition of an "Effective Warning". Because no Effective Warnings were provided, Mr G couldn't have ignored an Effective Warning, so Starling can't seek to rely on this as an exception to reimbursement for those payments.

Finally, Starling has mentioned that L offered Mr G a repayment plan before rescinding the offer soon after and it would be helpful to know if Mr G received any further funds from L. I haven't seen any evidence to suggest Mr G has received any other payments from L, related to the dispute, other than the £1,700 across three payments he received in July and August 2023.

I appreciate the points Starling has raised in response to my provisional decision. I have carefully considered all the points raised. But for the reasons explained I still think the conclusion I set out in my provisional decision is fair and reasonable.

Putting things right

I uphold this complaint. Starling Bank Limited should pay Mr G:

- £17,600; and
- 8% simple a year interest on that amount from the date Starling Bank Limited declined Mr G's claim, to the date of settlement.

My final decision

For the reasons given above, I uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 19 February 2026.

Mike Southgate
Ombudsman