

## **The complaint**

P a limited company complains Starling Bank Limited unfairly closed its bank account and provided poor service.

P is represented by a director – Mrs P.

## **What happened**

The detailed background to this complaint is well known to both parties. So, I'll only provide a brief overview of some of the key events here.

Mrs P became a director of P on 10 February 2025. Starling contacted the previous director to request Mrs P's details. These were provided in late March 2025. As P had no director that had been onboarded, the account was restricted on 27 March 2025.

Mrs P was sent an onboarding invite on 29 March 2025. Further contact attempts were made on 7 April 2025 and 14 April 2025. This letter explained that if no director was onboarded by 14 July 2025 the account would close. Mrs P attempted to complete an ID video on 7 May 2025, but this wasn't accepted. No further attempts were made to complete the ID process and Starling didn't reach out again to Mrs P.

On 14 July 2025 the account closed, and a closure letter was sent. Mrs P says this letter was vague and unclear as she hadn't received the letter of 14 April 2025. Mrs P raised a formal complaint regarding the handling of the account and its closure. Mrs P also asked her local MP to get involved as she didn't think Starling was taking her concerns seriously.

In its response to Mrs P Starling explained that it needed to onboard Mrs P as P had no active directors linked to the account. Starling stated it had taken reasonable steps to contact Mrs P and assist with the onboarding process, but it also accepts there were some shortcomings in the service provided. It confirmed the account had been closed correctly and the closing balance issued to Mrs P but also offered P £150 in recognition of its shortcomings.

Mrs P remained unhappy and referred the complaint to our service. In her referral Mrs P stated Starling had closed the account without proper notice or explanation, and it caused disruption to P. Mrs P also explained her concern that the closure balance was sent by post, the service she received was poor and the communication from Starling was vague. In order to put things right, Mrs P asked for the account to be reopened and compensation for the inconvenience caused.

An Investigator reviewed her concerns and in summary, made the following findings:

- Even though Mrs P was a director on Companies House, she still needed to be onboarded by Starling. The process Starling had in place was fair and it needed to obtain details from Mrs P before allowing access to the account.
- The ID video failed as there was no sound. Starling could've been more proactive in assisting Mrs P with this part of the process.

- Mrs P didn't contact Starling again for 68 days after this upload failed – if access to the account was urgent, it's reasonable to expect Mrs P to have contacted Starling again.
- Letters were issued to the relevant address. The closure letter needed to be looked at in conjunction with previous letters. Mrs P says these weren't received, but Starling has issued them correctly and can't be held responsible for their non-receipt.
- Starling is able to issue closure cheques via post – this is its process, but an alternative should've been outlined to Mrs P.
- The contact Mrs P made initially queried the closure – it was only when the MP became involved this evolved into a complaint.
- There is no suggestion that the account closed due to misconduct on Mrs P's part. It closed due to the need for the onboarding process to be completed. This is in line with the account terms and conditions.
- The £150 offer made by Starling for its service shortcomings is fair.

Mrs P disagreed with the view reached and explained Starling had failed to treat P fairly and it has closed the account abruptly. Mrs P reiterated the fact she was a director on Companies House, and the fact Starling has no branches made the process challenging. Mrs P referred to general issues around banks closing accounts unfairly.

As no agreement could be reached the complaint was passed to an ombudsman for 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.

Firstly, I am sorry to see Mrs P has had cause for complaint. I can see she has found Starling's actions highly unacceptable. I'm very aware that I've summarised the events in this complaint in far less detail than Mrs P has, and I've done so using my own words. No discourtesy is intended by me in taking this approach. Instead, I've focussed on what I think are the key issues here. Our rules allow me to do this. This simply reflects the informal nature of our service as a free alternative to the courts. If there's something I've not mentioned, it isn't because I've ignored it. I'm satisfied I don't need to comment on every individual argument to be able to reach what I think is the right outcome. I do stress however that I've considered everything Mrs P and Starling have said before reaching my decision.

Having done so I have reached the same outcome as the Investigator. I will deal with each key issue in turn.

#### *Onboarding Process*

I'll start by setting out some context for the environment Starling operates in. UK legislation places extensive obligations on regulated financial businesses. Financial institutions must ensure they hold up to date and detailed information about its account holders and ensure it meets the regulatory requirements in place. These Know Your Customer (KYC) and Anti Money Laundering (AML) checks form a key part of the effectiveness of the financial services framework.

At the heart of Mrs P's complaint are her concerns around Starling's requirement for her to complete an onboarding process, despite her being listed as a director on Companies House. I must highlight it is not within this service's remit to tell a business how to run their KYC and AML processes or procedures such as what questions they should ask a customer

in order for them to be satisfied they are meeting their legal or regulatory requirements. It would be the role of the regulator – the Financial Conduct Authority (FCA), who have the power to instruct Starling to make changes to their policies and procedures, if necessary.

It's worth noting though that there is no set way in which the regulator requires a business to meet their KYC and AML requirements. In P's case, the fact there was a new director meant Starling needed to complete an onboarding process. This is standard industry practice when a new individual is linked to an account, as Starling will need to ensure it holds the relevant details for Mrs P before allowing her to access P's account. I can see P didn't contact Starling about the change in directors, rather Starling pro-actively contacted the previous director to obtain Mrs P's details.

Once it obtained Mrs P's details, it asked her to complete an ID check using its online function. Mrs P says she attempted this on 7 May 2025, and Starling says this was attempted, but the process failed as the video didn't meet Starling's requirements. Starling says it sent a message in its app explaining the process had failed, but it hasn't been able to evidence this.

Starling accepts it could've been pro-active here and contacted Mrs P again. However, I am also mindful of the fact Mrs P didn't contact Starling again for over two months after this onboarding attempt. Mrs P says the delays and Starling's failure to assist had a detrimental impact on P and its ability to function. However, I can't see Mrs P reached out to Starling to expedite matters or to explain she required access to P's account. So although I appreciate there may have been some impact on P, I can't see that it is to the extent Mrs P has explained.

Mrs P says the fact she is listed on Companies House as a director should fulfil Starling's requirements as it is the primary regulator for companies. The information held by Companies House is of importance in Starling's handling of P's account, and it will refer to the information held by Companies House regularly. But the fact Mrs P is listed as a director, doesn't mean it ought to have added Mrs P to the account without following its own onboarding process and checks. Starling is required to take steps to ensure their knowledge about their customers is clear and up to date. I therefore find its request for Mrs P to complete its checks to be fair.

#### *Account closure*

Mrs P says the closure of P's account was carried out unfairly, without a clear explanation or warnings. I can see Starling sent letters to Mrs P at the address provided and these explained that she needed to complete the onboarding process and what the consequences would be if this wasn't completed. In particular the letter of 14 April 2025 said the account would close on 14 July 2025 if a director was not onboarded.

Mrs P says she never received this letter. I have no reason not to accept what Mrs P is saying – after all, letters do sometimes go missing. But I have to balance what Mrs P has said against the evidence Starling has provided – which includes internal notes to show the letter was sent to the correct address for Mrs P, and P's registered office. Starling has also provided a copy of the letter it sent, and it is correctly addressed. And I haven't seen that Starling was given any information that Mrs P was having issues receiving letters or that she wanted letters sent through a different communication channel.

I am also mindful of the fact that Mrs P has received some correspondence – including the closing balance cheque and closure letter. So, whilst I have sympathy for Mrs P, and the fact the closure was unexpected, I don't consider her not receiving the letter to be an issue Starling can be fairly held responsible for.

In terms of the closure itself, it's generally for banks to decide whether or not they want to provide, or to continue to provide, banking facilities to any particular customer. Unless there's a very good reason to do so, this service won't usually say that a bank must keep a customer or require it to compensate a customer who has had their account closed. Starling has confirmed its decision to review and then close the business account was based on the absence of an onboarded director who could operate the account. So in line with its regulatory duties and the account terms, it closed the account. Mrs P says she is a law abiding person, with no debts or defaults. I understand Mrs P finds the closure offensive, but Starling hasn't closed the account due to concerns about Mrs P's character or conduct. It has been closed due to its wider duties and the processes it has in place, and I won't be directing Starling to reopen the account.

I must also highlight that the terms and conditions of P's account allow Starling to close the account provided the necessary notice is provided. In this case Starling issued P a notice to close letter and this provided P with two months' notice, should a director not be onboarded. Given the number of times Starling had reached out to Mrs P, I consider this to be a reasonable decision for Starling to make, and one that is in line with the account terms.

Mrs P has also queried why Starling sent the closing balance by post. Starling states its process is to send balances via cheque, but I do agree it could've asked Mrs P if another method would've been preferred. But I am also mindful that no contact had been received from Mrs P in this interim period, so the opportunity to query this didn't present itself. So I can't see Starling had any reason to depart from this process, and I can assure Mrs P that issuing balances by cheque is still an appropriate process for businesses to follow.

#### Communication from Starling and compensation

Mrs P says the service and communication she received from Starling was poor. I've considered the timeline of events carefully, and I do think there were instances where Starling could've been more pro-active. Such as when Mrs P's ID verification failed using the app. I also think Starling could've reached out to Mrs P again after it sent the letter in mid-April 2025 about the pending closure.

Mrs P says Starling only took her concerns seriously once her MP was involved. I've looked at the contact before this, and I can't see that a clear complaint had been made to Starling. Rather Mrs P had queried the closure and asked for clarification. I therefore don't agree that her contact had been ignored.

Starling has offered P £150 for the impact of its shortcomings. Mrs P doesn't consider this sufficient given the impact on P and herself. Firstly, I must highlight that as this is a complaint brought by P – a limited company, my focus is the impact the issues had on it, not on Mrs P in a personal capacity. Further, reaching an award for distress and inconvenience is seldom straightforward. The issues involved are subjective by their very nature and the impact on the consumer can be difficult to determine. Our awards are not intended to be punitive for businesses, and their fundamental aim is to recognise the impact on a consumer where there have been shortcomings. Having considered the timeline of events and service issues, I think the compensation is reasonable and I don't find Starling's actions warrant further compensation.

I know this will not be the outcome Mrs P was hoping for, and she will be disappointed with the decision I've reached. But I hope my decision provides some clarity around why I won't be asking Starling to take any further action.

**My final decision**

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask P to accept or reject my decision before 9 April 2026.

Chandni Green  
**Ombudsman**