

## The complaint

Miss C complains that Starling Bank Limited (Starling) won't refund the money she lost to an investment scam.

## 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.

Miss C was struggling financially and looking to earn some additional income. She saw an investment advert with Company P on social media and became interested in it as it showcased binary option trading with high-profit scenarios which quickly can turn small amounts of money into large sums. This is through using technical analysis strategies to determine if an asset's price will rise or fall.

After looking at internet reviews and forums and watching trading tutorials, Miss C decided to set up a trading account. She explains that she didn't *'find any warnings that the platform was unauthorised or high-risk'* and over a ten-month period she made a number of small payments through her bank accounts.

Miss C appears to have started trading with Company P in December 2024 using her Starling account and in January 2025 using her (Electronic Money institute) Firm R account.

Although Miss C started making payments through her Starling account in December 2024, her complaint is about the following 21 card payments over three consecutive days in September 2025 and two consecutive days in October 2025:

- 15 September 2025 – 1 payment - £36.93
- 16 September 2025 – 7 payments - £62.54, £73.58, £73.58, £36.79, £29.54, £36.93, £36.93
- 17 September 2025 – 1 payment - £73.58
- 25 October 2025 – 8 payments - £75.26, £75.26, £150.52, £75.26, £150.52, £112.89, £37.63, £75.26
- 26 October 2025 – 4 payments - £37.63, £75.26, £37.63, £37.63

In late 2025, Miss C became concerned that Company P wasn't legitimate and were running a fraudulent operation. This is because:

- She noticed an FCA warning about Company P being unauthorised with a high risk of her losing her money.
- An absence of returns. She says that when she tried to withdraw money Company P blocked it and / or marked her deposits as expired.
- Company P *'confirmed that they use their own quote sources, which differ from standard market data. This resulted in trades being lost where, based on standard forex pricing, they should have been winning trades'*.
- Payments were processed through third-party offshore processors under varying merchant names obscuring where her funds were going.

Miss C contacted Starling to claim a refund, as she thinks they should've protected her by scrutinising her pattern of spending and, upon intervention, noticed Company P wasn't safe. But Starling rejected her complaint and said there were no chargeback rights.

Miss C brought her complaint to our service, but our investigator said there was no evidence to persuade her, with any degree of certainty, that Company P was a scam operation.

Miss C disagreed with our investigator and added that the volume, repetition and frequency of transactions to the same merchant should've triggered enhanced scrutiny.

As Miss C disagrees her complaint has been passed to me to look at.

### **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 deciding what's fair and reasonable, I'm required to take into account relevant law and regulations; regulatory rules, guidance and standards; codes of practice; and, where appropriate, what I consider to have been good industry practice at the time.

Regarding a bank's obligation to help protect customers from financial harm from fraud and scams, these are where the funds are being lost to a fraud or scam. I appreciate Miss C is convinced she was the victim of a scam and although I understand her concerns, including the FCA warning and concerning negative comments from other people on the internet, when considering whether she was a victim of a scam, my key finding is that there is a lack of evidence that Company P are operating fraudulently and that Miss C has been the victim of a scam.

I say this because:

- Although the UK financial services regulator – the Financial Conduct Authority {FCA} – clearly has regulatory concerns about binary option investments and has banned them because of risks like:
  - *'Losses from trading: FCA data suggest that a majority of consumers lose money when trading binary options. To make a profit, a consumer is likely to need both a sophisticated knowledge of financial markets and to 'beat the odds', which is always difficult to do.*
  - *Difficult to make an informed decision: The short duration of trades with the complex method used to price binary options, means that it is difficult for consumers to value these products accurately.*
  - *Addictive behaviour: The fact that binary options are similar to fixed odds bets, along with the short duration of contracts, means that they can be addictive and can result in consumers accumulating significant losses.*
  - *Conflicts of interest: In most cases, the firm you are buying options from benefits when you lose. This places the firm's interest in direct conflict with yours, which increases the risk of poor conduct by firms offering these products.*
  - *Potential for fraud: Binary options are a significant source of fraud in the UK'.*

It doesn't necessarily mean that an apparent authorised platform outside the UK and all binary options investment companies are fraudulent and operating a scam.

- Binary options trading is a high-risk and all-or-nothing financial speculation. It is similar to betting as, if correct, customers receive a fixed payout; if incorrect, they lose the entire investment.

- Unregulated binary-options traders may use sales methods and payment disguise tactics (to stop blocks) that are arguably unethical or misleading, causing customers who have lost out to understandably regard such acts or omissions as fraudulent. However, they don't necessarily meet the high legal threshold or burden of proof for fraud.
- I've seen some very positive reviews about Company P and the above FCA '*beat the odds*' and '*fixed odds bets*' comments could well explain many of the negative reviews.
- Miss C used Company P of her own choice and, unlike most scams, didn't receive any approach or pressure to use them.

I appreciate Miss C disagrees, but after considering the above and all the information on file, on balance, I can't safely say this meets the high legal threshold and burden of proof for fraud.

So, Starling's obligations to protect their customers from financial harm from fraud and scams doesn't apply to these payments and their primary obligation was to carry out Miss C's payment instruction without delay. And I'm satisfied that Miss C authorised all the payments she made to Company P.

I recognise the combined total amount is a high amount for Miss C to spend but, even if I was persuaded that she was a victim of a scam rather than losing her money in a high-risk investment, I wouldn't have expected Starling to have intervened here. This is because:

- Banks like Starling process thousands of payments each day. Also, they have to strike a balance between the extent to which they intervene in payments to try and prevent fraud and/or financial harm, against the risk of unnecessarily inconveniencing or delaying legitimate transactions.
- Both individually and cumulatively the payments were all for relatively low amounts.
- I can't see that they were aware of Company P's services and that Miss C discussed any concerns with them.
- Company P had become an established payee since December 2024.
- It wasn't unusual or out of character for Miss C to make a number of same day payments to other companies.

Also, I can't see that Starling had any information to suggest that Miss C was a vulnerable customer requiring an intervention.

Regarding Starling's inability to recover Miss C's payment via the chargeback process, unfortunately, the rules don't allow for a chargeback to be raised on payments made for the purpose of investing.

Having considered all the information on file, I'm very sorry to disappoint Miss C. But for the above-mentioned reasons, I don't think Starling have acted unfairly or unreasonably here and I'm not upholding this complaint.

### **My final decision**

For the above reasons, my final decision is not to uphold this complaint against Starling Bank Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss C to accept or reject my decision before 28 April 2026.

Paul Douglas

**Ombudsman**