

## **The complaint**

M a company, complains that Starling Bank Limited closed its business account abruptly. They would like a reason and compensation.

M is represented by its director Mr C.

## **What happened**

The details of this complaint are well known to both parties, so I won't repeat them in full again here, instead I will focus on giving my reasons for my 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.

Having done so I'm partially upholding the complaint and I'll explain why below.

### *Review and closure*

As the investigator has already explained, Starling has extensive legal and regulatory responsibilities they must meet when providing account services to customers. They can broadly be summarised as a responsibility to protect persons from financial harm, and to prevent and detect financial crime. To fulfil these obligations, they may need to review activity taking place on accounts and ask customers for information, for example about payments, and information about the individuals operating the accounts – it's the bank's duty to reasonably ensure accounts are being used in the way they should and to protect the money which is held in them. In order to fulfil these obligations, Starling asked for information regarding M's new appointment of a person with significant control who I will refer to as Mr B.

Following the review Starling issued M with a notice to close the accounts giving M over two months' notice to make alternative banking arrangements.

Banks are entitled to end their business relationship with a customer, as long as it's done fairly and is in line with the terms and conditions of the account. Banks should, however, give reasonable notice before closing an account. Usually that means 60 days' notice, but it can be less depending on the circumstances. In this case Starling gave M two months' notice of the closure of its account.

In considering if Starling acted fairly in closing M's account, I've looked at the terms and conditions of the account. The terms and conditions outline that the bank can close a customer's account with two months' notice, and in certain circumstances they can close an account immediately. In this case Starling closed M's account with the full notice.

However, the evidence Starling has provided this service isn't sufficient for us to conclude that Starling acted fairly when they decided to offboard M. Although Starling can close an account, they have to have a basis for doing so. The information provided to this service isn't enough for me to conclude that Starling acted fairly. In order for me to conclude that Starling acted fairly I need to see the information Starling relied on. As the investigator has said we asked Starling to provide this service with further information. Starling later confirmed that it would be able to onboard Mr B and they were no longer in the process of closing the accounts. This seems to suggest that any concerns that they had have fallen away. However, this doesn't mean that Starling behaved fairly when they originally off boarded M.

So, in this particular case, because of the lack of information from Starling, I can't be satisfied that Starling has treated M fairly when it closed its account. I've only got half a story. Taking this into consideration, I agree with the investigator that Starling should pay M compensation for the trouble caused by closing the account.

I can see from the information provided by M that it has made alternative banking arrangements so is unlikely to want to use their old account.

M has asked that Starling provide the reasons why it wouldn't onboard Mr B initially and for the decision to close M's account.

I appreciate Mr C representing M wants to know the reason for the closure of M's account and why it couldn't onboard Mr B. Mr C said that Starling's refusal to provide information is unfair, unreasonable and potentially discriminatory. I must highlight that when reviewing complaints this service considers a wide range of sources – this includes the law, regulatory guidance and good industry practice. I can assure Mr C that our approach to cases of this nature factors in these various sources and issues. Whilst Mr C may have expected to be given the specific reasons for the account closure. Starling isn't required to give him a specific reason. And I can understand Mr C's frustration that he hasn't been provided a detailed explanation. But as the investigator has explained, Starling is under no obligation to provide this information to him. So, I can't say Starling has done anything wrong by not giving Mr C this information.

### *Discrimination*

I also acknowledge M has complained that Starling discriminated against Mr B on the basis of his age. M has suggested the way Starling treated Mr B was potentially discriminatory because Starling didn't give Mr B sufficient time to carry out the onboarding process and Mr B is someone who, because of his age, isn't confident with technology.

In other words, it hasn't treated him fairly under the Equality Act 2010 (the Act). I've taken the Act into account when deciding this complaint - as it's relevant law – but I've ultimately decided this complaint based on what's fair and reasonable. I'm required to take into account the law, rules and regulations, codes of practice – but ultimately, I decide matters based on what I think is fair and reasonable.

If Mr C wants a decision that Starling has breached the Act, then he'd need to go to Court.

However, looking at the information I have received from Starling I am satisfied that Starling didn't treat Mr B unfairly and the onboarding process did not have a bearing on Starling's decision to close M's account.

## *Compensation*

I've already said the information provided by Starling isn't enough for me to conclude that they acted fairly when they closed M's account. Although M wasn't left without banking facilities it did need to find a new account and transfer all payments to the new account. I appreciate this took some time and effort. Time which the officers of the company could have employed for the day to day running of the company.

I should explain that there isn't a set formula that we use to calculate awards for particular mistakes or poor service. It's my role to consider what impact Starling's actions have had on M and decide, within guidelines set by our service, whether compensation would be appropriate in the circumstances.

I realise Mr C has provided us with a calculation for the migration costs to a new account which totals £2,370 based on the director's hourly rate. But I should explain that we don't usually award compensation on the basis of a complainant's usual business or professional hourly rate. That's not because we think a complainant's time has no value. But basing compensation on a person's business or professional hourly rate could suggest one person's free time is worth more than another person's free time. And it might not reflect the true impact of the error on the complainant.

As I've said we don't compensate customers at an hourly rate. But I understand that Mr C will have had some extra work over and above his day-to-day work trying to sort out the new bank account for M.

Given that M wasn't without an account and therefore able to continue to carry on its business I think £250 is reasonable compensation in the circumstances and in keeping with our approach in these sorts of cases.

## **My final decision**

My final decision is that I partially uphold this complaint. I direct Starling Bank Limited to pay M £250 compensation for the inconvenience caused

Under the rules of the Financial Ombudsman Service, I'm required to ask M to accept or reject my decision before 29 May 2026.

Esperanza Fuentes  
**Ombudsman**