

The complaint

T complains that Starling Bank Limited ('Starling') hasn't refunded the money it believes it lost to an authorised push payment ('APP') investment scam.

T is a limited company. The complaint was referred on its behalf by a director of T, whom I'll refer to as 'Mr S'. For ease of reading, I'll refer only to Mr S throughout my decision.

What happened

The circumstances of the complaint are well-known to both parties. So, I don't intend to set these out in detail here. However, I'll provide a brief summary of what's happened.

Between 11 April 2021 and 9 May 2021, Mr S sent £16,000 to a third party, whom I'll refer to as 'Mr H'. The relevant payments are as follows:

- £3,000 on 11 April 2021;
- £10,000 on 22 April 2021; and
- £3,000 on 9 May 2021.

In December 2024, Mr S got in touch with Starling. He said the first two payments to Mr H had been for an investment, but he now thought Mr H had scammed him. He asked Starling to refund the payments, but Starling refused.

Unhappy with Starling's response, Mr S referred a complaint to this service. Our Investigator considered the complaint and concluded that it should be upheld. They recommended Starling refund 50% of all three payments Mr S made to Mr H, plus interest.

Mr S accepted our Investigator's opinion. However, Starling didn't agree. As an informal agreement couldn't be reached the complaint was passed to me to decide.

I reached a different outcome to our Investigator and so I issued a provisional decision to both parties. In summary, I said I wasn't persuaded Starling needed to refund the disputed payments because I wasn't satisfied the evidence demonstrated they'd been made for a fraudulent purpose.

Starling agreed with my provisional decision, but Mr S didn't respond. So, I'm proceeding to issue my 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.

I haven't received any further submissions to consider. So, I see no reason to depart from my provisional findings, which I'll reiterate below.

“In broad terms, the starting position at law is that a firm, like Starling, is expected to process payments and withdrawals that a customer authorises, in accordance with the Payment Services Regulations (in this case, the 2017 regulations) and the terms and conditions of the customer’s account.

It’s not in dispute that Mr S made the disputed payments to Mr H. So, the payments were authorised and under the Payment Services Regulations, the starting position here is that Mr S is responsible for the payments (and the subsequent loss). However, that’s not the end of the story.

At the time of Mr S’s payments to Mr H, Starling was signed up to the Lending Standards Board’s Contingent Reimbursement Model (‘CRM’) Code, which required firms to reimburse customers who’d been the victims of APP scams in all but a limited number of circumstances.

For the CRM Code to apply to Mr S’s circumstances, I need to be reasonably satisfied that it’s more likely than not that Mr S’s payments to Mr H were made for a fraudulent purpose – i.e., Mr S was the victim of an APP scam, and the funds were criminally obtained by Mr H. The threshold for establishing fraud is a high one and to fairly uphold Mr S’s complaint I need to be satisfied that it is more likely – and not just equally as likely – that he was the victim of fraud.

Mr S says the payments to Mr H were for an investment. Mr S’s testimony hasn’t been consistent about what type of investment it was. He’s said it was:

- *investing in a business;*
- *investing in property;*
- *trading in businesses;*
- *investing in a food business; and*
- *investing in stocks and shares.*

Mr S says that Mr H initially contacted him on social media. However, Mr S hasn’t been able to provide any of those communications. He’s also referred to two different social media platforms throughout the complaint.

Mr S says that his subsequent conversations with Mr H took place on an instant messaging service. Initially, he told Starling that Mr H had blocked him and he wasn’t able to see any of the messages he’d exchanged with Mr H. However, Mr S subsequently provided Starling with some screenshots of what he said were his communications with Mr H on the instant messaging service.

I have some serious concerns about the legitimacy of this evidence. The screenshots show when the recipient had last seen the messages. My own research suggests that if Mr H had blocked Mr S on the instant messaging service, as Mr S claimed had happened, then this information wouldn’t have been available for Mr S to see.

The messages are undated, but they appear to have been exchanged between 10:26am and 11am on the same day. The messages refer to two payments - £3,000 and £10,000 – being made whilst the conversation was taking place – i.e., between 10:26am and 11am on the same day. However, these payments were, in fact, made 11 days apart. And there’s no messages regarding the final £3,000 payment, which I’d have expected to see.

In any event, I don't find the screenshots to be persuasive evidence that a scam has taken place. The communication is mostly voice notes sent between Mr S and the recipient. So, I don't know what was said in those messages. The written messages confirm that two payments, totalling £13,000, were made for a long-term investment, but they don't specify what the investment was or what Mr S was told about how his funds would be used. So, it's difficult for me to say that Mr H's intention was to scam Mr S at the time.

The payment reference for the £10,000 faster payment to Mr H appears to be the name of a business, which Mr H was the director of at the time the payments were made. The nature of that business, as stated on Companies House, was "Take-away food shops and mobile food stands" However, that business was dissolved in 2022.

One of the reasons Mr S has given for making the payments to Mr H was investing in a food business. So, I think it's possible that Mr S invested in Mr H's food business, but this wasn't successful. I've seen no evidence that leads me to think another scenario (including that Mr H scammed Mr S) is more likely than this or that Mr H wasn't intending to use Mr S's funds for the purpose of growing that business.

I haven't found Mr S's testimony to be reliable. He's given inconsistent and contradictory information regarding his complaint. And, as I've referred to above, the evidence he's provided is questionable. There's nothing to suggest Mr H intended to obtain Mr S's money for a fraudulent purpose at the time the payments were made. As a result, I'm not persuaded the Starling can fairly be held responsible for refunding Mr S."

I haven't been persuaded that the disputed payments were made as the result of an APP scam. So, I don't think Starling can fairly be held responsible for Mr S's loss. As a result, I'm not persuaded that Starling needs to do anything to resolve this complaint.

My final decision

For the reasons explained above and in my provisional decision, I've decided not to uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask T to accept or reject my decision before 13 April 2026.

Liam Davies
Ombudsman