

The complaint

Miss Z is complaining that Starling Bank Limited hasn't refunded payments that were made when she fell victim to a scam.

What happened

The circumstances of the scam and complaint are known to both parties, so I'll only summarise them here.

Miss Z received a call from someone who said they were from a provider she held an account with, telling her that her account had been compromised. She was convinced to move funds into her Starling account, to keep them safe. She says that she shared her card details with the caller, and was then tricked into approving payments to a money transfer service after being told they being made to an external "safe" account.

Three debit card payments were made from Miss Z's Starling account to the money transfer service. The payments were for £1,100, £1,100 and £125.

Miss Z quickly realised she'd been scammed and contacted Starling. The payments were still pending, but Starling explained it wasn't possible for them to be cancelled.

Starling investigated, and it concluded it ought to have recognised a scam risk and intervened before the second payment was processed. So, it refunded the second and third payments – a total of £1,225. But the first payment of £1,100 remains outstanding. Miss Z thinks Starling should also refund this payment. So, she brought a complaint to the Financial Ombudsman Service.

Our Investigator looked into what happened, but they didn't think Starling ought to refund the payment that remained in dispute. They said that they thought all the payments had been authorised and they didn't think Starling ought to have intervened before allowing the first payment to be made. They also didn't think Starling could reasonably have done more to recover the payments once Miss Z reported what had happened.

Miss Z didn't agree, so her complaint has been passed to me for review and a 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'm sorry to disappoint Miss Z but I'm not upholding her complaint – for much the same reasons as the Investigator.

Were the payments authorised?

The relevant law here is the Payment Services Regulations 2017 – these set out what is needed for a payment to be authorised and who has liability for disputed payments in different situations. With some exceptions, the starting point is that the consumer is

responsible for authorised payments and the business is responsible for unauthorised payments.

The PSRs specify that authorisation depends on whether the payment transactions were authenticated correctly – and whether Miss Z, or someone acting on her behalf, consented to them.

The PSRs go on to specify how consent is given. It must be in the form, and in accordance with the procedure, agreed between Miss Z and Starling. I've reviewed the terms of Miss Z's account with Starling, but it doesn't appear to specify exactly how she gives consent to online card payments. But broadly speaking, this is usually through entering the long card number, the card expiry date and CVV into the merchant's website and completing any stronger authentication process that is requested.

Miss Z has explained that she shared her card details with the caller. So, it seems it was the caller who gave the payment instructions using Miss Z's card details. Although Miss Z didn't give the payment instructions herself, she does say she was aware funds were leaving her account, but to what she thought was an "alias" account to keep them safe. Starling says the payments were authorised as she confirmed the payments in its app through its stronger authentication process.

Starling has sent me some screenshots to show that the process flow here has steps which involve being shown an app notification which says an online card payment is being made, which then opens another screen. The payment amount and who it's being made to is shown on this screen with an option to click on either make payment or reject payment. I think it would have been clear from these screens that a payment was being made, and Miss Z doesn't dispute approving the payments using this method.

Although Miss Z didn't enter her card details to make the payments, I'm satisfied that the payments were correctly authenticated using Miss Z's card information and the stronger authentication process. And it was reasonable for Starling to rely on this to process the payments. I appreciate that Miss Z was tricked into taking these steps thinking the payments were being made to keep her funds safe, but under the rules this isn't a consideration in whether a payment is authorised. So, it's reasonable for Starling to treat the payments as having been authorised and as such it isn't obliged to provide a refund.

Should Starling have recognised the scam and intervened?

I've concluded that the payments were authorised, so I've gone on to consider if Starling should have done anything else to prevent the payments Miss Z made to the scam.

When a payment is authorised, Starling has a duty to act on the payment instruction. But in some circumstances, it should take a closer look at the circumstances of the payment – for example, if it ought to be alert to a fraud risk, because the transaction is unusual, or looks out of character or suspicious. And if so, it should intervene, for example, by contacting the customer directly, before releasing the payment. I'd expect any intervention to be proportionate to the circumstances of the payment.

But I've also kept in mind that Starling processes high volumes of transactions each day. There is a balance for it to find between allowing customers to be able to use their account and questioning transactions to confirm they're legitimate.

Here, Starling has concluded that it could have done more to prevent the second and third payments and it has already refunded these. So, the matter that remains in dispute is whether Starling ought to have also done more to prevent the first payment and if so,

whether it ought to refund this payment to Miss Z too.

The first payment was slightly higher than the payments Miss Z usually made from her account, but it wasn't so unusual that I'd have expected Starling to have been particularly concerned. And it wasn't of a value where I'd expect Starling to be concerned about the risk of financial harm from a scam either. So, I don't think Starling needs to refund the first payment too, because I don't think it ought reasonably to have identified a scam risk and intervened to warn Miss Z before it was processed.

Could Starling have done more to recover the payments?

The payments were made by debit card and so it wasn't possible for Starling to recall or cancel them, even in a pending state.

It's possible to dispute a debit card payment through a process called chargeback, which can sometimes be attempted if something has gone wrong with a debit card purchase, subject to the relevant card scheme's rules.

Starling doesn't appear to have raised chargebacks when Miss Z disputed the payments, but I'm satisfied that there would have been little prospect of chargebacks being successful here. I say this because I've concluded the payments were authorised by Miss Z, and also because the payments were made to a legitimate money transfer service which provided a service in processing the payment.

Conclusion

I'm really sorry to disappoint Miss Z as I can see that this scam has deeply affected her. As the victim of a cruel scam, I can understand why she'd think she should get all her money back. But I've not found that there are any grounds for me to direct Starling to refund the remaining disputed payment.

My final decision

My final decision is that I'm not upholding this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss Z to accept or reject my decision before 15 April 2026.

Helen Sutcliffe
Ombudsman