

The complaint

Mr D, a sole trader, is unhappy that Starling Bank Limited ('Starling'), blocked his business account.

What happened

In April 2025, Starling initiated an account review and got in touch with Mr D. It requested information from him, in line with its 'Know Your Customer' (KYC) responsibilities and asked for a response within seven days.

Mr D provided some of the information Starling requested in May 2025 and Starling sent a follow up response, requesting additional details, which Mr D provided, including screenshots of social media platforms used to market his business and an inventory log of stock that he bought and sold in 2020. Starling subsequently contacted Mr D for more information, as one of the social media pages Mr D provided details of, wasn't accessible.

As no response was received, Starling restricted Mr D's account at the beginning of July 2025 and informed Mr D it had done so. Mr D got in touch with Starling approximately two weeks later, to request that it unblock the account and allow him access to the funds. In addition, Mr D provided further details regarding the social media platforms used to market his business.

Mr D made a complaint to Starling, due to the ongoing restriction of his account. Starling issued its final response at the beginning of August 2025 and in summary it said:

- Starling conducts account reviews in line with banking regulations and to ensure that it understands its customers and holds up to date information regarding the customers it provides services to
- Mr D's account was restricted because he didn't provide a response to Starling's information request, despite Starling informing Mr D in June 2025 that a restriction on the account could be put in place, if he didn't supply the information requested
- Mr D wasn't given updates regarding the matter between 4 July and 1 August 2025, so feedback would be provided to the relevant team, and an update was to be requested regarding the account review
- £85 compensation was paid to Mr D due to the level of service he received

Starling reinstated Mr D's access to the account on 1 August 2025 and informed him that whilst the account restrictions had been removed, the account review was ongoing and he'd be contacted for further information.

Mr D referred the complaint to this service. He explained that he went abroad while his account was restricted and had to borrow money from friends, which caused him embarrassment. He further added that he needed funds to cover his credit card bill whilst he couldn't access his account and wanted Starling to pay him additional compensation.

One of our Investigators looked into things and upheld Mr D's complaint. The key points they made were:

- Starling reviewed Mr D's account to meet its legal and regulatory obligations. Starling had acted fairly and in line with its obligations when it blocked Mr D's account

- Starling could request information from Mr D, as part of its review
- Up to 19 July 2025, Starling hadn't caused any delays in its review. Mr D provided a response to Starling on 19 July 2025, so Starling ought to have completed its review by 22 July 2025
- Starling should pay Mr D 8% simple interest on his funds from 22 July 2025 to 1 August 2025, in recognition of the delay it caused
- Mr D hadn't evidenced the impact caused to him financially in the way he claimed. Mr D also had access to other accounts and funds whilst his Starling account was restricted
- The delay in removing the block from Mr D's account would've caused him some inconvenience, so Starling should pay Mr D an additional £50 compensation

Starling agreed to our Investigator's findings.

Mr D argued that he should be awarded additional compensation due to the length of the block and the impact it had on him. He added that he took out a credit card in mid-July 2025, since Starling wouldn't allow him to access his funds and he subsequently did a balance transfer.

Our Investigator considered Mr D's points but didn't think this changed things.

As no agreement could be reached, the matter has been passed to me to decide.

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.

As a UK financial business, Starling is strictly regulated and must take certain actions in order to meet its legal and regulatory obligations. It's also required to carry out ongoing monitoring of an existing business relationship. That sometimes means businesses need to restrict, or in some cases go as far as closing, customers' accounts.

These obligations generally cover the entire period of its customer relationship – from application to eventually the end of the relationship. This includes KYC checks and/or Customer Due Diligence (CDD). It's worth noting these checks include not just the verification of a customer's identity but also establishing the purpose and intended nature of the business relationship and origin of funds. So, I don't find Starling acted unreasonably in requesting information from Mr D about his account, as it's required to do so, to comply with its legal and regulatory obligations.

Following Starling's initial request in April 2025, Mr D provided partial information to Starling during its review of the account. After Mr D complained about the matter, Starling removed the restriction from Mr D's account, although I haven't been given a reason for why Starling decided to take this action, despite the account review continuing after it removed the block at the beginning of August 2025.

Since the complaint has been passed to me, I've notified both Mr D and Starling that based on the evidence available, I didn't think Starling acted unreasonably regarding the length of time Mr D's account was blocked for. And I asked Mr D for additional information about his business and account activity on his Starling account.

Mr D hasn't provided a response to my request and I consider he has had ample time to provide this information. I've therefore considered all the available evidence and wider circumstances of the case, and I find Starling acted appropriately in blocking Mr D's account for the duration it was restricted.

I understand Mr D would naturally want to know the information I have weighted in order to reach this finding. But I am treating this information in confidence, which is a power afforded to me under the Dispute Resolution Rules (DISP), which form part of the Financial Conduct Authority's regulatory handbook.

I recognise Mr D feels that Starling should cover financial losses he says he incurred whilst his account was blocked and pay him compensation. But as I find Starling didn't treat Mr D unfairly in blocking his account and removing his access, I'm not requiring Starling to compensate Mr D for any trouble and upset or dissatisfaction Mr D experienced, which ultimately flowed from not having access to the funds in his account.

I appreciate this isn't the outcome that Mr D was hoping for, but I hope my decision provides some clarity around why I won't be asking Starling to take any further action.

My final decision

For the reasons above, I have decided not to uphold this complaint.

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

Khadijah Nakhuda
Ombudsman