

The complaint

Mr W complains that Starling Bank Limited (“Starling”) won’t refund payments he made as part of a scam.

What happened

The background to this complaint is well known to both parties, so I won’t repeat it in detail here. But in summary, I understand it to be as follows.

Mr W was approached by someone offering a business opportunity. This person will be further referred to as “Person A”.

Person A explained that he had a company which sold water and presented Mr W with an opportunity to invest and become a partner in the business. This company will be further referred to as “Company A”. Over time, Mr W’s account was used for various transactions linked to the setup and operation of Company A.

Later, Mr W became concerned that he’d been a victim of a scam and asked Starling to look into the matter. Starling investigated Mr W’s concerns but declined to take any further action on the basis that this was a civil dispute between him and Person A. As he didn’t accept Starling’s outcome, Mr W referred his complaint to our service.

Our investigator looked into Mr W’s complaint but didn’t uphold it on the basis that this was a civil dispute and that Starling were not liable to reimburse the payments.

Mr W supplied a detailed submission to explain why he fundamentally disagreed with the investigator’s findings. As the complaint couldn’t be resolved by the investigator, it has been passed to me for 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.

Firstly, I should say that some of the points Mr W has raised have already been dealt with in a separate investigation carried out by our service. As that’s the case, I will not be considering those points here. For clarity, those points relate to the closure of Mr W’s account with Starling.

In keeping with our role as an informal dispute resolution service, I will focus here on the points I find to be material to the outcome of Mr W’s complaint. This is not meant to be a discourtesy to Mr W and I want to assure him I have considered everything he has submitted carefully.

In deciding what’s fair and reasonable in all the circumstances of a complaint, I’m required to take into account relevant: law and regulations; regulators’ rules, guidance and standards;

codes of practice; and, where appropriate, what I consider to be good industry practice at the time.

In broad terms, the starting position at law is that a bank such as Starling is expected to process payments and withdrawals that a customer authorises it to make, in accordance with the Payment Services Regulations (in this case the 2017 regulations) and the terms and conditions of the customer's account.

Here it's not in dispute that the payments were authorised, so the starting position is that Starling isn't liable for the transactions.

There are, however, some situations where we believe that businesses, taking into account relevant rules, codes and best practice standards, shouldn't have taken their customer's authorisation instruction at 'face value' – or should have looked at the wider circumstances surrounding the transaction before making the payment.

Starling also has a duty to exercise reasonable skill and care, pay due regard to the interest of its customers and to follow good industry practice to keep customer's accounts safe. This includes identifying vulnerable consumers who may be particularly susceptible to scams and looking out for payments which might indicate the consumer is at risk of financial harm.

Taking these things into account, I need to decide whether Starling acted fairly and reasonably in its dealings with Mr W.

Our investigator has already provided a very detailed assessment of Mr W's complaint and I agree with their outcome, and for broadly the same reasons.

Has Mr W been the victim of a scam?

At the time of the payments Starling were a signatory of the CRM Code, which required firms to reimburse customers who have been the victims of APP scams in all but a limited number of circumstances.

The relevant part of the CRM Code definition of an APP scam requires that the payment was made to: *"another person for what they believed were legitimate purposes but which were in fact fraudulent."*

The Code also explains that it does not apply to *'private civil disputes, such as where a Customer has paid a legitimate supplier for goods, services, or digital content but has not received them, they are defective in some way, or the Customer is otherwise dissatisfied with the supplier'*.

In order to reach my decision on this complaint, I've considered the purpose for which Mr W made, and Company A received, the payments. And, if there is a significant difference in these purposes, whether I can be satisfied that this difference was as a result of dishonest deception.

Mr W states that many of the payments he made were under the instruction of Person A and were for the operation of Company A. In order for these payments to be made, Mr W received funds into his account, which he then passed on. Many of these payments appear to have been to genuine companies for goods as services as part of the operation of Company A, with others being passed to Person A or other accounts linked with Company A.

Though Mr W has provided substantial evidence, the evidence that has been provided doesn't sufficiently demonstrate that the funds Mr W passed on were not used for their intended purpose i.e. the operation of Company A. Without such evidence, it's difficult for me to determine that there has been any dishonest deception on Person A's part or that they've unjustly enriched themselves as a result of the payments to these genuine companies.

I've also considered that Mr W has been unable to provide copies of any contracts between him and Person A. This makes it difficult for me to determine what relationship was in place between the two parties and whether any agreement between the two has been breached.

I'm also unable to identify that Mr W has suffered a financial loss for the payments he made following a receipt of funds from Person A. Because of this, I don't believe Starling are liable to reimburse those payments under the CRM Code.

Mr W has confirmed that Company A had a shop and were operational for a period of time. While I accept his argument that a fraudulent businesses may initially operate legitimately in order to give an appearance of legitimacy and later extract funds, I also have to take into account that many businesses fail and enter administration for genuine reasons, and not because they were set up to defraud and scam people. The evidence provided doesn't persuade me that Company A was set up with the intention to defraud its customers or investors.

Mr W has supplied a copy of a letter written by a solicitor on behalf of Person A. While Mr W focusses on the confirmation within this letter that Person A was not a doctor, other sections make it clear that Person A disputes ever being engaged in fraudulent activity and, instead, this was a business that had failed.

The letter states Person A *'has never engaged in fraudulent activity of any kind. The Company was a legitimate business that provided authentic products and services to its customers.'*

This correspondence shows that Person A refutes any allegations of fraudulent activity on their behalf. And, while the evidence Mr W has provided is substantial, I don't believe it clearly demonstrates that Person A was carrying out fraudulent activity or that he had set out to deliberately defraud Mr W, especially when considering that these claims are refuted by Person A.

Mr W has referred to the qualifications Person A claimed to have, which induced him to part with his funds. Within the letter referenced above, Person A also refutes the allegations that he held himself out to be a qualified doctor. I should also state that the misrepresentation of skills or qualifications alone wouldn't mean that the payments Mr W made meet the definition of an APP scam.

Based on everything I've seen, I'm unable to say there is sufficient evidence to confirm that Mr W has been the victim of an APP scam or that Starling ought to reimburse the payments under the CRM Code. I'm also not satisfied that Mr W has suffered a financial loss.

Should Starling have prevented the payments at the time they were processed?

As referenced earlier in my decision, Starling has a duty to exercise reasonable skill and care, pay due regard to the interest of its customers and to follow good industry practice to keep Mr W's accounts safe. That said, Starling has no obligation to protect its customers from bad bargains or poor investment choices.

As I don't believe consumer is the victim of an APP scam, and that this is a civil matter between Mr W and Company A, I'm satisfied that Starling haven't failed any of their obligations by not carrying out any intervention prior to releasing Mr W's funds.

I understand Mr W feels that Starling could've done more to prevent the payments at the time they were being made, but I don't believe any of the information they could've uncovered would've led them to believe that he was at risk of fraud or financial harm. I say this as the information Mr W had at the time of the payments would've suggested that Company A was operational and carrying out genuine business activities.

I understand Mr W feels strongly that Starling should've taken his vulnerabilities into account when considering his claim. The CRM Code requires business to reimburse losses incurred by consumers who are considered vulnerable to the scam they've fallen victim to.

But, again, as I don't believe Mr W has been the victim of an APP scam and his payments are not covered by the CRM Code, I don't think it would be fair to ask Starling to reimburse him under the Code because of any vulnerabilities. I'm also not persuaded that the vulnerabilities Mr W has referenced would've led Starling to be concerned that he was at risk of fraud or financial harm by Person A or Company A.

Overall

Overall, I'm not persuaded that Mr W has sufficiently demonstrated that he's fallen victim to an APP scam as defined by the CRM Code. Furthermore, I'm unable to identify that Mr W has suffered a financial loss. As that's the case, I don't believe Starling are required to take any action in order to resolve this complaint.

My final decision

My final decision is that I do not uphold this complaint against Starling Bank Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 14 May 2026.

Billy Wyatt
Ombudsman