

## **The complaint**

Mr D complains that Starling Bank Limited (“Starling”) have declined to reimburse payments he made as part of an alleged scam.

## **What happened**

Mr D paid a company to arrange a holiday to Morocco on his behalf. This company will be further referred to as “Company A”.

Having had a successful experience with Company A, Mr D booked two additional holidays through them.

Shortly before the first of the additional holidays Mr D booked, Company A contacted him to make him aware that the booking couldn’t be confirmed and that he could no longer travel on the ticket he’d received.

Despite further communications between the parties, Mr D didn’t receive a refund and eventually all communication with Company A ceased.

Fearing he’d been the victim of a scam, Mr D contacted Starling to request reimbursement of his funds. Starling looked into the matter but declined to reimburse Mr D on the basis that it was a civil dispute between him and Company A. Dissatisfied with this response, Mr D referred his complaint to our service.

An investigator looked into Mr D’s complaint but declined it on the basis that it was a civil dispute between him and Company A.

Mr D disagreed with the investigator’s findings and, as the complaint couldn’t be resolved, it has been passed to me for a 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.

Mr D has provided detailed submissions to our service in relation to this complaint. 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 D’s complaint. This is not meant to be a discourtesy to Mr D 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.

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

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

From 7 October 2024, Payment Services Providers in the UK are bound by the Faster Payments Scheme (FPS) reimbursement rules. Under these rules, most victims of authorised push payment (APP) scams should be reimbursed.

To decide whether Starling should refund Mr D's payments, I've therefore considered whether this issue meets the reimbursement rules' definition of an APP scam.

The reimbursement rules define an APP scam in the following way:

*"Where a person uses a fraudulent or dishonest act or course of conduct to manipulate, deceive or persuade a consumer into transferring funds from the consumer's relevant account to a relevant account not controlled by the consumer, where:*

- The recipient is not who the consumer intended to pay, or*
- The payment is not for the purpose the consumer intended"*

The reimbursement rules also explain that private civil disputes are not covered. The rules define a private civil dispute as a *"dispute between a consumer and payee which is a private matter between them for resolution in the civil courts, rather than involving criminal fraud or dishonesty"*.

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

It's clear that Mr D made the payments in order to purchase holidays. So, I've gone on to consider what purpose Company A had in mind and whether that was in line with the purpose Mr L made the payment.

Though it's clear that Mr D didn't receive some of the goods and services he paid for, this alone isn't enough to demonstrate that Company A were operating fraudulently or that they had set out to defraud him.

Firstly, I've considered that Mr D received the original holiday that he purchased through Company A. I can also see that Company A were first registered on Companies House in late 2023 and the account to which Mr D made his payments had been operating in line with what they'd expect of a legitimate business, as confirmed by the beneficiary bank. Having reviewed Company A's account statements, I can't say that this information shows they weren't operating in the manner described.

This information, then, suggests that Company A operated as a legitimate company for some time and wasn't set up solely with the intention of defrauding its customers.

Mr D has provided copies of the messages he'd shared with Company A. Within these messages, it shows Mr D becoming concerned that Company A were not booking the flights and hotels they said they were, with Company A explaining that Mr D's bookings were not successful due to problems outside of their control.

Though this evidence could indicate suspicious and untoward activities by Company A, it could also indicate poor administration and substandard company practices. It could suggest that genuine bookings were being cancelled by parties outside of Company A's control.

Based on the above, I've not been provided with any detailed or persuasive documentary evidence that demonstrates Company A were responsible for Mr D not receiving the goods and services he paid for. Therefore, I'm not persuaded that Company A had a different purpose in mind for receiving the payments as Mr D had for making them.

It seems clear that Company A entered a period of financial difficulty in late 2025 and failed to provide the goods and services to its customers from this point onwards. Unfortunately, the evidence I've seen doesn't show why this was the case and why Company A appears to have eventually failed. There could be a whole host of reasons as to why a genuine company failed, and the failure of an organisation doesn't necessarily indicate fraudulent behaviour or activity.

I've every sympathy for Mr D as he has lost a substantial amount of money. That said, many businesses fail and enter administration for genuine reasons, and not because they were set up to defraud and scam people.

Ultimately, Mr D made payments to purchase holidays and the evidence presented to our service doesn't sufficiently demonstrate that Company A didn't have the intention of providing the goods and services paid for. Because of this, I'm not satisfied that Mr D's claim meets the FPS reimbursement rules' definition of an APP scam.

### **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 D to accept or reject my decision before 21 May 2026.

Billy Wyatt  
**Ombudsman**