

## The complaint

Mrs J complains that Starling Bank Limited won't fully refund money she lost to a scam.

## What happened

The background to this complaint is well known to both parties and so I'll only refer to some key events here.

Mrs J fell victim to a safe account scam in December 2025. Mrs J received a call from a person, on a withheld number, claiming to work for Starling. We now know this person to be a scammer. The scammer knew Mrs J's personal details and sent a 'confirmation email' to 'verify' their identify. And they told Mrs J that payments had been flagged on her account and she had to approve them for them to be reversed. Under the belief Mrs J was speaking to a genuine Starling employee, Mrs J followed the scammer's instructions.

Mrs J later realised she'd been scammed and notified Starling. Six payments were debited from Mrs J's account totalling £9,115.99. Starling provided a partial reimbursement of £7,916.99 – which was a refund of all but the first transaction (£1,199).

A complaint was raised but Starling's position didn't change. Starling said the payments were authorised by Mrs J using biometrics through the Starling app. But that they did recognise some of the transactions as being highly unusual compared to her normal spending patterns – which they reimbursed. Starling also explained they took all reasonable steps to recover the funds, but this hadn't been successful.

The complaint was brought to the Financial Ombudsman. Our Investigator didn't think Starling had to do anything further. He said the payments weren't covered by the Payment Systems Regulator's (PSRs) mandatory reimbursement scheme. And he wasn't persuaded Starling ought to have prevented the outstanding loss – as he didn't think the first payment (£1,199) was unusual enough to have expected Starling to have stopped it at the time. Nor did he think Starling could've done anything to recover the funds.

Mrs J disagreed and so, the matter has been passed to me to decide. In short, she's said:

- The £1,199 was lost as part of the same scam for which the other payments have been refunded. And it isn't reasonable to claim she acted reasonably for the loss that has been refunded but grossly negligent for this remaining amount.
- It was not reckless for her to trust someone who already had access to her private bank-held information. And she was trying to secure her account as instructed by someone that she genuinely believed was from Starling's fraud security.
- She was manipulated to bypass Starling's in app warnings and coached through the process – being told they were "*automated errors*" and "*part of the security protocol*".
- It was a high stress situation, and she didn't act with reckless disregard, but with an intent to protect her account.
- This has had a devastating impact on her finances and well-being. And she feels let down by Starling.

## **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 Mrs J has been the victim of a scam. I realise this it is a lot of money Mrs J has lost and so, I understand why she'd do everything she can to try and recover it in full. But I must consider whether Starling are responsible for Mrs J's loss. At which point, I should explain that while there are certain obligations on banks to protect consumers and prevent losses to scams in certain circumstances, these are not absolute. And so, there are unfortunately occasions where a consumer will lose out but have no recourse to a refund. Having carefully considered what happened here, and while I know this won't be the outcome Mrs J is hoping for, I don't think Starling are responsible for her remaining loss. I therefore don't think Starling have acted unfairly by not refunding the £1,199 payment. I'll explain why.

Before I do, I want to reassure Mrs J that I've considered everything she has submitted in support of her complaint. And so, while I've summarised this complaint in far less detail than what has been provided, I want to stress that no discourtesy is intended by this. If there is a submission I've not addressed; it isn't because I have ignored the point. It's simply because my findings focus on what I consider to be the central issue in this complaint – that being whether Starling are responsible for Mrs J's remaining loss.

This payment isn't covered by the PSR's mandatory reimbursement scheme which came into effect on 7 October 2024 – as it doesn't include debit card transactions. I've therefore considered whether Starling should reimburse the £1,199 under any of their other obligations.

In broad terms, the starting position in law is that banks – like Starling - are expected to process payments that their customer authorises them to make. I appreciate Mrs J was manipulated by the scammer and thought she was taking steps to protect her account. While I sympathise with Mrs J's situation, I'm satisfied that she authorised the payments from her Starling account. Therefore, under the Payment Services Regulations and the terms of her account, Starling were expected to process Mrs J's £1,199 payment, and she is presumed liable for the loss in the first instance.

However, taking into account the regulatory rules and guidance, relevant codes of practice and good industry practice, including the Consumer Duty, there are circumstances where it might be appropriate for Starling to take additional steps or make additional checks before processing a payment to help protect customers from the possibility of financial harm from fraud.

I've considered whether the payment instruction of £1,199 given by Mrs J to Starling – which is the only payment that hasn't been refunded – was unusual enough to have expected additional checks to be carried out before it was processed.

When considering this, I've kept in mind that Starling processes high volumes of transactions each day. And that there is a balance for Starling to find between allowing customers to be able to use their account and questioning transactions to confirm they're legitimate – as it wouldn't be practical for Starling to carry out additional checks before processing every payment.

The £1,199 payment, which was the first made as part of the scam, went to a well-known retailer. I don't think it was going to a merchant that carried a increased risk of potential fraud. And while I appreciate it is a lot of money to Mrs J, it is a relatively low value payment.

Mrs J also made payments on her Starling account prior the scam, albeit predominantly fund transfers, for several thousand pounds. So, I don't think the £1,199 payment would've been seen by Starling as being particularly unusual for Mrs J based on its value. It's also common for customers to make payments to different payees on their account at times. Because of this, I don't think the payment presented a heightened risk of financial harm from fraud to Mrs J – and which warranted additional checks before carried out before being processed.

As I've said, there is a balance for Starling to find between questioning transactions and allowing customers to use their account without unreasonable friction. And here, I don't think the £1,199 payment was unusual or suspicious to have given Starling reason to suspect it might have been made as part of a scam. It follows that, while there are circumstances where it might be appropriate for Starling to take additional steps or make additional checks before processing a payment, for the above reasons, I think it was reasonable for Starling to assume the payment was being made for legitimate purposes. So, I think it was reasonable for Starling to process the payment upon receiving Mr J's instruction.

I've thought about whether, on being alerted to the scam, Starling could reasonably have done anything to recover the £1,199 payment – but I don't think they could. The only possible option for recovery here would have been for Starling to have attempted a chargeback against the payee – the retailer. But this didn't have any reasonable prospects of success as the retailer would've likely been able to defend it due to providing the service paid for. I realise Mrs J didn't receive any benefit from the payment (as the scammer would have), but that isn't the fault of the retailer.

I realise Mrs J considers that Starling ought to refund the £1,199 payment as they have refunded the rest of her loss. While I'm pleased Mrs J has received most of her money back, I can only direct Starling to refund the £1,199 payment if I'm satisfied that they are responsible for it. And for the reasons I've explained, I don't think they are.

At which point, I want to clarify that I'm not placing any blame on Mrs J for what happened. I accept she is the innocent victim of a scam. And so, I'm not suggesting she acted with reckless disregard or with gross negligence. But it would only be fair for me to direct Starling to refund her remaining loss if I thought they were responsible – and I'm not persuaded that this was the case.

I know Mrs J will be disappointed by this outcome but, for the above reasons, I think Starling have acted fairly and so I'm not going to tell them to do anything further.

### **My final decision**

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs J to accept or reject my decision before 15 May 2026.

Daniel O'Dell  
**Ombudsman**