

## **The complaint**

Mr C complains that Starling Bank Limited did not refund all the payments he lost as part of a scam.

## **What happened**

Both parties are aware of the circumstances of the complaint, so I won't repeat them in detail here. In summary, Mr C was convinced by a scammer that his funds were at risk, and he needed to move them to a 'safe account'. As a result, he sent two card payments to a third party, via a payment platform. These were for £4,000 and £3,800.

Mr C flagged this with Starling Bank as soon as he realised something was wrong and they made the decision to refund the second payment. This has already been refunded to Mr C. However, they didn't agree that the first payment was so unusual that they should reasonably have stepped in and carried out further checks before it was processed. Mr C referred the complaint to our service in order to pursue a refund of the first payment. Our Investigator looked into it and agreed with what Starling Bank had done so far and they didn't recommend a refund of the initial payment.

Mr C disagreed with the findings and so the complaint 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.

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.

Broadly speaking, the starting position in law is that an account provider is expected to process payments and withdrawals that a customer authorises it to make, in accordance with the terms and conditions of the account. And a customer will then be responsible for the transactions that they have authorised.

It's not in dispute here that Mr C authorised the payments of £4,000 and £3,800 as he believed he was protecting his funds. So, while I recognise that he didn't intend the money to go to scammers, the starting position in law is that Starling Bank was obliged to follow Mr C's instruction and process the payments. Because of this, he is not automatically entitled to a refund.

The regulatory landscape, along with good industry practice, also sets out a requirement for account providers to protect their customers from fraud and financial harm. And this includes monitoring accounts to look out for activity that might suggest a customer was at risk of financial harm, intervening in unusual or out of character transactions and trying to prevent

customers falling victims to scams. So, I've also thought about whether Starling Bank did enough to try to keep Mr C's account safe.

Looking at Mr C's statements, I don't think the initial payment was so unusual that it warranted intervention by Starling Bank. The value was not so high as to be suspicious and while it was higher than other transactions on Mr C's account, I don't think the difference was so significant that Starling should have asked questions. The second payment following soon after for £3,800 has since been refunded by Starling Bank, and I agree that this was fair redress in the circumstances. This is because the second payment was made so soon after the first, for a similar amount, and could be seen as unusual. And I think a conversation with Mr C would most likely have revealed the scam.

As this was a debit card payment seemingly to a business, Starling Bank could only attempt to recover the funds via a chargeback. However, chargebacks can only be attempted under certain circumstances as only specific codes can be selected as the main reason for a chargeback. In this case, Mr C did not actually attempt to purchase anything, so there wouldn't be an appropriate code to select for this circumstance. Because of this, I don't think Starling Bank made an error when it did not attempt a chargeback for Mr C.

On balance, I think what Starling Bank has done so far to remedy the complaint is fair and I don't direct it to take any further action.

### **My final decision**

I do not uphold Mr C's complaint against Starling Bank Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 7 March 2024.

Rebecca Norris  
**Ombudsman**