

## **The complaint**

M, a company, complains that Starling Bank Limited (“Starling”) delayed crediting a substantial payment to M’s account.

M has been represented in this complaint by one of its directors, Mr M.

## **What happened**

In January 2023 M was expecting a payment of more than £15,000 from one of its clients, which I’ll refer to as “C”. The payment didn’t arrive and M chased C multiple times over the following months, eventually saying that it would seek legal assistance to recover the money if it wasn’t paid.

Starling has explained that some information was missing from the original payment instructions. But it acknowledges that it had received the missing information in February 2023, enabling it to process the payment. Unfortunately, however, it applied the money to the wrong account, and only credited the money to M’s account at the end of August 2023.

Mr M says the delay in crediting the money to M’s account had far-reaching consequences. He says it meant that M lost a key client and a substantial fee. He says the missing credit led to cashflow problems for M, and that as a result, its directors had to lend M money and sell a property. He also says M had to let a member of staff go, and had to set up an arrangement with HMRC to pay its tax as a result of the cashflow problems. Mr M says the situation caused M inconvenience and reputational damage within the close-knit sector it operates in.

Starling apologised to M and accepted that the delay in M receiving the payment was Starling’s fault. It credited M’s account with £750. After M brought its complaint to this service, Starling said it would be willing to pay M a further £500. But it didn’t accept that it was responsible for the breakdown of one of M’s business relationships.

One of our investigators considered the complaint. In summary, he accepted that Starling’s error had had a significant impact on M. But he wasn’t convinced that Starling was responsible for the consequential losses that M had referred to, and he thought the total of £1,250 offered by Starling was fair to compensate M for the inconvenience it had experienced and the strain on the client relationship. However, he also commented that M hadn’t had access to the money for an extended period. So he said that in addition to the £1,250, Starling should pay M interest on the value of the missing payment from the date in February 2023 when it should have been credited to M’s account until the date it was actually credited.

Starling accepted the investigator’s view. But M didn’t agree, so the complaint’s been passed to me.

## **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.

Where the evidence is incomplete or contradictory, I reach my decision based on what I think's most likely to have happened.

Mr M has commented that he considers it unreasonable to be expected to provide confirmation from C that the delayed credit was the cause of the breakdown of its relationship with M. But he says an email M has provided strongly implies that this was the case. He believes the compensation should be up to 100 times as much as Starling has offered.

M has provided an email from C dated October 2023, more than a month after the payment was finally credited to M's account. It says that C doesn't "need help *for this role*" (my italics). I don't accept that the email implies that the relationship with C had broken down. Rather, it refers specifically to one particular instance in which M might have hoped that C would use its services. It contains no suggestion that C would no longer be using M at all.

Mr M has referred to a fee of around £20,000, which he says M would have been paid on achieving a given outcome for a customer. He says the customer became aware of the issues surrounding the missing payment and decided to take their custom elsewhere.

But the fee was contingent on achieving the desired outcome for the customer, and I can't be sure that this would have happened. What's more, I can't fairly conclude, on the basis of the evidence provided that the customer wouldn't have decided to go elsewhere but for the issue with the delayed payment.

It's apparent from the evidence that M has provided that it was experiencing some cashflow problems. And I accept that the long delay in crediting the payment to M's account would inevitably have had some impact on M's cashflow. M has referred to having had to let an employee go, sell a property and borrow money from its directors as a result of its cashflow situation.

But I can't fairly conclude, based on the evidence provided, that the issue with M's cashflow arose solely from the missing credit. So even if M had to take those steps to ease the pressure on its cashflow, I can't be confident, on balance, that this wouldn't have happened even if Starling had credited the money to the account when it should have done.

Another result of the cashflow problems was that M had to make arrangements with HMRC about paying its tax. But again, I can't be confident that this wouldn't have been necessary even if the payment into Starling's account hadn't been delayed. And while I accept that having to make the arrangement with HMRC would have been inconvenient for M, M hasn't provided evidence that it suffered any financial loss as a result of having had to make the arrangement.

It isn't in dispute that M had to chase C and Starling about the missing payment many times. I can understand that M would have been embarrassed that it had blamed C unfairly for the fact that it hadn't received the payment. And I can see how the delayed payment may have caused or contributed to a strain in the relationship between M and C. But I've explained that I can't fairly conclude, based on what I've seen, that M's relationship with C broke down, or that if it did, Starling's delay in crediting the payment to M's account was responsible. Nor do I think it likely, on balance, that the situation regarding the missing payment would have caused any significant or lasting wider reputational damage to M.

Taking everything into account, I consider the £1,250 that Starling has offered in total to be reasonable to reflect the inconvenience M experienced as a result of the delay in receiving the payment.

I do, however, agree with the investigator that it's appropriate to require Starling to pay M interest on the delayed payment for the period during which it should have had access to the money but didn't. In other words from the date in February 2023 when Starling had all the information it needed to make the payment into M's account until the date the money was eventually credited to the account. Following the investigator's view, Starling has agreed to do this.

### **Putting things right**

To put things right, in addition to the £750 that it has already paid M, Starling should:

- Pay M £500; and
- Pay M 8% simple interest on the sum of £15,120 from the date in February 2023 when it had the information it needed to credit the payment to M's account until the date when the payment was, in fact, credited to M's account.\*

\*If Starling believes that it's legally obliged to deduct tax from this interest, it should send M a tax deduction certificate so that M can reclaim overpaid tax from HMRC if appropriate.

### **My final decision**

My decision is that I uphold this complaint and require Starling Bank Limited to put things right by doing as I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask M to accept or reject my decision before 4 April 2024.

Juliet Collins  
**Ombudsman**