

## The complaint

Miss B complains that Starling Bank Limited won't refund the money she lost when she was the victim of a scam.

## What happened

In January 2023, Miss B's then boyfriend told her a friend of his had an opportunity to invest in stocks and shares and could make a quick return. Miss B says she trusted her boyfriend at the time, so agreed and gave the friend access to her account with a credit scoring platform. The friend then used her details to apply for a number of loans which were paid into her Starling account, and Miss B sent the money on to a number of accounts the friend gave her details for.

I've set out the payments Miss B made out of her Starling account below:

Date	Details	Amount
24 January 2023	1 <sup>st</sup> account details	£6,000
25 January 2023	2 <sup>nd</sup> account details	£10,000
27 January 2023	3 <sup>rd</sup> account details	£2,000
27 January 2023	3 <sup>rd</sup> account details	£2,000

Unfortunately, we now know the investments were a scam. The scam was uncovered after Miss B noticed the person they were dealing with had blocked her on social media and stopped responding to their calls and messages. Her boyfriend then admitted they weren't his friend, but someone his friend had introduced him to. So Miss B reported the payments to Starling as a scam.

Starling investigated and accepted it should have done more to protect Miss B when she made the last two payments. But it also thought she should have done more to protect herself. So it offered to refund 50% of the last two payments. Starling also managed to recover £427.44 from the bank the payments were sent to. Miss B wasn't satisfied with Starling's response, so referred a complaint to our service.

One of our investigators looked at the complaint. They thought Miss B was vulnerable at the time of the scam and couldn't reasonably be expected to protect herself from it. So they thought Starling should refund her the money she lost, in full. Starling disagreed with our investigator, so the complaint has 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.

In broad terms, the starting position in law is that a firm is expected to process payments and withdrawals that a customer authorises, in accordance with the Payment Services Regulations and the terms and conditions of the customer's account. However, where the customer made the payment as a consequence of the actions of a fraudster, it may

sometimes be fair and reasonable for the bank to reimburse the customer even though they authorised the payment.

Starling is a signatory of the Lending Standards Boards Contingent Reimbursement Model (the CRM code). This code requires firms to reimburse customers who have been the victim of authorised push payment scams, like the one Miss B fell victim to, in all but a limited number of circumstances. And it is for the firm to establish that one of those exceptions to reimbursement applies.

The CRM code also requires firms to assess whether a customer was vulnerable to the APP scam they fell victim to at the time it occurred. The relevant sections state:

*“A Customer is vulnerable to APP scams if it would not be reasonable to expect that Customer to have protected themselves, at the time of becoming victim of an APP scam, against that particular APP scam, to the extent of the impact they suffered.*

*This should be assessed on a case-by-case basis.*

*In these circumstances, the Customer should be reimbursed notwithstanding the provisions in R2(1), and whether or not the Firm had previously identified the Customer as vulnerable.*

*Factors to consider include:*

- (a) All Customers can be vulnerable to APP scams and vulnerability is dynamic. The reasons for dynamics of vulnerability may include: the personal circumstances of the Customer; the timing and nature of the APP scam itself; the capacity the Customer had to protect themselves; and the impact of the APP scam on that Customer.*
- (b) A Customer’s personal circumstances which lead to vulnerability are varied, may be temporary or permanent, and may vary in severity over time.*
- (c) APP scams may include long-running APP scams or in the moment APP scams.*
- (d) The capacity of a Customer to protect themselves includes their knowledge, skills and capability in engaging with financial services and systems, and the effectiveness of tools made available to them by Firms.*
- (e) The impact of the APP scam includes the extent to which the Customer is disproportionately affected by the APP scam, both financially and non-financially.”*

Miss B has said that she was going through a difficult time and was in a very vulnerable place with her mental health at the time of the scam. She’s also said she was having to support her boyfriend, who was also experiencing problems with addiction and his mental health at the time. And she’s said that this led to her making decisions she wouldn’t have made if she had been in good health.

I’ve seen copies of Miss B’s medical records, which show she had experienced a significant amount of personal trauma in the period before the scam – including the sudden death of a close relative, another relative being given a terminal diagnosis, and several other significant or potentially significant issues involving her family.

I don't think it's necessary for me to set out the specifics of the impacts the reports say these incidents had on Miss B here, but they show they had a significant and severe impact on her mental and physical health, and that she was in the process of receiving treatment for this when the scam occurred.

And so given her personal circumstances at the time, and that the financial return this investment supposedly offered would have been of significant benefit to her, I think Miss B was vulnerable and susceptible to this type of scam. I think her perception of the possible risks involved and the steps she could take to address them was significantly and adversely affected by her personal circumstances at the time.

I therefore think Miss B meets the definition of vulnerable from the CRM code, as I don't think it would be reasonable to expect her to have protected herself against this particular scam. I think Starling should reimburse the money she lost as a result of this scam, in full.

Miss B has asked our service to consider awarding her further compensation to help with the interest she now has to pay on the loans that were taken out in her name. But while I sympathise with the position she has found herself in, the loans were taken out before I would've expected Starling to refund the money she lost. So I don't think anything I would've reasonably expected it to do would've prevented the loans being taken out. And the 8% interest rate is our standard award where someone has lost money as a result of a scam. So I think 8% simple interest on the refund is still fair in these circumstances.

### **My final decision**

For the reasons set out above, I uphold this complaint and require Starling Bank Limited to:

- Refund Miss B the remaining money she lost as a result of this scam – totalling £17,572.56
- Pay 8% simple interest on this refund, from the date it initially responded to her claim until the date of settlement

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss B to accept or reject my decision before 29 March 2024.

Alan Millward  
**Ombudsman**