

The complaint

Mr F complains Starling Bank Limited (“Starling”) restricted and closed his account without explanation, and without due regard to his acute mental health conditions.

Mr F wants Starling to pay him substantive compensation for the distress and inconvenience it caused him and re-open his account.

What happened

The details of this complaint are well known by both parties, so I won’t repeat them again here in detail. Instead, I’ll focus on setting out some of the key facts and on giving my reasons for my decision.

In January 2024, following an internal review, Starling restricted Mr F’s account and asked him for information to show his entitlement to some payments he’d received from third parties. Mr F explained they related to payments from friends for football match tickets that he was selling onto them at face value, and therefore at no profit.

Mr F sent Starling information in relation to this. Starling then informed Mr F it had decided to close his account and gave him 90 days’ notice of its intention to do so. Mr F was unhappy with Starling’s decision and informed it throughout the process of his acute mental health conditions. Based on this Starling escalated Mr F’s concerns to its ‘Specialist Support’ team. They didn’t call Mr F for around two weeks after.

Unhappy with Starling’s actions, Mr F complained. Starling upheld Mr F’s complaint in part. In summary, the key points it made were:

- It can withdraw banking facilities in line with the terms and conditions of the account and it doesn’t need to give an explanation
- Starling’s Specialist Support team should have contacted Mr F much sooner than it did. This was an error on its part as the referral wasn’t raised correctly which led to the delay. Because of this £70 compensation will be credited to Mr F’s account

Mr F referred his complaint to this service. One of our Investigator’s looked into Mr F’s complaint, and they recommended it not be upheld. In short, their key findings were:

- Starling acted in line with its terms and conditions when closing the account and it’s not obliged to give a reason
- Starling’s support team took too long to contact Mr F and its offer of £70 compensation is fair

Mr F didn’t agree with what our Investigator said. He says that it’s not fair a vulnerable adult can be left with no banking facilities in this way through no fault of their own. He also says he now needs to find a similar bank which offers the same overdraft limit.

As there is no agreement this complaint has been passed to me to decide.

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.

Having done so, I've decided to not uphold this complaint. I'll explain why.

Banks in the UK, like Starling, are strictly regulated and must take certain actions in order to meet their legal and regulatory obligations. They are also required to carry out ongoing monitoring of an existing business relationship. That sometimes means banks need to restrict, or in some cases go as far as closing, customers' accounts.

Starling has explained why it reviewed and restricted Mr F's account. After carefully considering this, I'm satisfied Starling did so in line with its obligations.

Starling is entitled to close an account just as a customer may close an account with it. But before Starling closes an account, it must do so in a way, which complies with the terms and conditions of the account. The terms and conditions of the account, which Starling and Mr F had to comply with, say that it could close the account by giving him at least 60 days' notice. And in certain circumstances it can close an account immediately or with less notice.

Starling gave Mr F 90 days' notice of its intention to close his account. And having looked at the information given to me by Starling for why it closed the account, I'm satisfied it was entitled to close the account in the way that it has done.

I can understand why Mr F feels so strongly about Starling's actions, and I don't undervalue how this matter has made him feel and the significant impact it has had on his wellbeing. But Starling hasn't done anything wrong in closing the account, and I note it gave him 30 days more notice than its terms of account due to his condition – therefore allowing him more time to find alternative banking provision.

Given Mr F's vulnerabilities, I'm persuaded Starling has acted appropriately and with due consideration here. Mr F would also like a detailed explanation as to why Starling acted in the way it did. But Starling is under no obligation to do so.

I would add too that our rules allow us to receive evidence in confidence. We may treat evidence from banks as confidential for a number of reasons – for example, if it contains security information, or commercially sensitive information. Some of the information Starling has provided is information we consider should be kept confidential.

Given I don't think Starling has done anything wrong in relation to reviewing, restricting, and closing Mr F's account, I see no basis on which I might make a compensation award against Starling. So I'm not going to ask Starling to compensate Mr F for any distress and inconvenience this may have caused.

Starling accept that it provided Mr F with poor service given it failed to contact him in a timely manner. This was important given what it knew about Mr F's health and state of mind. Starling has paid Mr F £70 compensation for the distress and inconvenience this caused.

Having given this considerable thought, I'm persuaded Starling doesn't need to do any more.

In reaching the findings I have, I'm aware of the obligations placed on Starling in handling consumers with vulnerabilities. But in the overall context of this complaint, and given the

individual circumstances, I'm satisfied Starling have acted fairly.

I note also that Mr F says he has lost out because he can't be guaranteed a similar overdraft limit with another banking provider. But overdrafts are a form of credit provided at a lender's discretion. And, more importantly, Starling did nothing wrong in closing Mr F's account and thereby withdrawing any overdraft facility attached to it.

My final decision

For the reasons above, I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F to accept or reject my decision before 17 June 2024.

Ketan Nagla

Ombudsman