

The complaint

Ms W complains that Starling Bank Limited (Starling) is refusing to refund her the amount she lost as the result of a scam.

Ms W is being represented by a third party. To keep things simple, I will refer to Ms W throughout my decision.

What happened

The background of this complaint is well known to all parties, so I won't repeat what happened in detail.

In summary, Ms W was searching social media when she came across an investment company I will call "X". X appeared to be endorsed by a well-known celebrity which Ms W says increased her confidence with X being a legitimate business.

Ms W says she researched online and found positive reviews of X before she contacted it and was persuaded to invest.

Ms W was provided with what appeared to be access to a genuine trading platform and was guided by X to make multiple payments from different accounts via cryptocurrency into what she thought was a genuine investment.

Towards the end of the payments Ms W tried several times to make a withdrawal from her investment account, but each time was persuaded to make further payments.

Below are a list of the payments Ms W made from her Starling account in relation to the scam:

<u>Payment</u>	<u>Date</u>	<u>Payee</u>	<u>Payment Method</u>	<u>Amount</u>
1	18 June 2023	Individual a/c 1	Transfer	£1,000.00
2	20 June 2023	Individual a/c 2	Transfer	£2,700.00
3	22 June 2023	Individual a/c 3	Transfer	£3,495.00
4	23 June 2023	Ms W	Transfer	£10,000.48
5	28 June 2023	Individual a/c 4	Transfer	£4,990.00
6	28 June 2023	Individual a/c 4	Transfer	£5,000.00
7	28 June 2023	Individual a/c 4	Transfer	£5,400.00
8	29 June 2023	Individual a/c 4	Transfer	£2,461.00
9	01 July 2023	Individual a/c 4	Transfer	£5,775.00
10	01 July 2023	Individual a/c 4	Transfer	£6,076.00
11	01 July 2023	Individual a/c 4	Transfer	£6,242.00
12	01 July 2023	Individual a/c 4	Transfer	£2,500.00
13	01 July 2023	Individual a/c 5	Transfer	£3,394.00
14	01 July 2023	Ms W	Transfer	£864.96
15	03 July 2023	Individual a/c 6	Transfer	£2,024.70
16	04 July 2023	Ms W	Transfer	£1,799.00
17	05 July 2023	Individual a/c 7	Transfer	£1,710.00

18	05 July 2023	Ms W	Transfer	£1,179.00
19	05 July 2023	Individual a/c 7	Transfer	£610.00
20	05 July 2023	Individual a/c 8	Transfer	£2,213.00
21	05 July 2023	Ms W	Transfer	£1,340.00
22	05 July 2023	Individual a/c 9	Transfer	£1,220.00
23	05 July 2023	Skill	Transfer	£1.00
24	06 July 2023	Individual a/c 6	Transfer	£1,000.00
25	06 July 2023	Individual a/c 10	Transfer	£1,000.00
26	06 July 2023	Ms W	Transfer	£198.00
27	06 July 2023	Individual a/c 11	Transfer	£1,735.00
28	06 July 2023	Individual a/c 12	Transfer	£1,176.00
29	06 July 2023	Individual a/c 13	Transfer	£300.00
30	06 July 2023	Ms W	Transfer	£397.00
31	10 July 2023	Individual a/c 14	Transfer	£111.00
32	09 July 2023	Individual a/c 15	Transfer	£157.00
33	09 July 2023	Individual a/c 16	Transfer	£156.00
34	10 July 2023	Individual a/c 17	Transfer	£2,281.00
35	10 July 2023	Individual a/c 18	Transfer	£1,000.00
36	11 July 2023	Individual a/c 19	Transfer	£1,396.00
37	11 July 2023	Individual a/c 20	Transfer	£1,000.00
38	11 July 2023	Individual a/c 20	Transfer	£,3278.00
39	12 July 2023	Individual a/c 20	Transfer	£3,739.00
40	20 July 2023	Individual a/c 20	Transfer	£6,846.00
41	20 July 2023	Individual a/c 20	Transfer	£3,092.00

Our Investigator considered Ms W's complaint and didn't think it should be upheld. Ms W disagreed so 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.

It has not been disputed that Ms W has fallen victim to a cruel scam. The evidence provided by both Ms W and Starling sets out what happened. What is in dispute is whether Starling should refund the money Ms W lost due to the scam.

Recovering the payments Ms W made

Ms W made payments into the scam via transfer. When payments are made by transfer Starling has limited options available to it to seek recovery. Starling could contact the operator of the payee's account to request a refund of any funds that remained in the accounts Ms W paid. But Ms W made payments from her Starling account both to other accounts in her name and to other individuals in exchange for cryptocurrency that was provided and then forwarded to the scammer. So, any funds that might remain in Ms W's accounts would remain within her control.

With this in mind, I don't think Starling had any reasonable options available to it to recover the payments Ms W made in relation to the scam.

Should Starling have reasonably prevented the payments Ms W made?

It has been accepted that Ms W authorised the payments that were made from her account with Starling, albeit on X's instruction. So, the starting point here is that Ms W is responsible.

However, banks and other Payment Services Providers (PSPs) do have a duty to protect against the risk of financial loss due to fraud and/or to undertake due diligence on large transactions to guard against money laundering.

The question here is whether Starling should have been aware of the scam and stepped into question Ms W about the payments she was making. And if it had questioned Ms W, would it have been able to prevent the scam taking place.

There is limited evidence available around the conversations Ms W had with X. Ms W says the conversations took place via an application X asked her to download and a copy of the conversations is no longer available.

However, Ms W was dishonest when she made payments in relation to the scam.

Starling's system intervened when Ms W attempted 15 of the payments, and she gave incorrect payment reasons which included "buying items or property, paying a bill, event, taxes or for a service, buying a property (e.g. paying the deposit or balance).

Starling then presented warning screens appropriate to the incorrect options Ms W had selected. Considering Ms W had given reasons different to that she was making the payments for, and it wasn't clear from the payee's names that Ms W was making payments related to cryptocurrency, I don't think it was unreasonable that the warnings Starling gave Ms W didn't cover the circumstances of the scam.

Ms W also took out several loans to fund the investment and when she took the loans gave dishonest information again, stating in one of the loan applications the purpose of the loan was for "wedding" and another for "holiday". Again, these answers were incorrect, and it is unlikely Ms W would have been granted the loans if she had been honest about the purpose.

In addition to the above, another of Ms W's banks did intervene when she attempted to make a payment in relation to the scam and a conversation between Ms W and that bank took place. I have listened to this call.

During the call Ms W confirmed she was making a payment to another of her own accounts as the account offered a better exchange rate when travelling, and she had not been asked to give another reason for the payment. Ms W also said she had the account with Starling for 10-15 years.

It's clear that Ms W did not give honest answers when the payment was discussed with her other bank as the payment was being made in relation to the investment scam and she had not held her account for that length of time.

I think it would have been reasonable to expect Starling to intervene further when Ms W attempted several of the larger value payments in relation to the scam and provided a human intervention discussing the payments with her. But it's clear from the evidence available that Ms W was willing to give dishonest answers to have the payments processed and to borrow money to fund them.

With the above in mind, I don't have enough to say that Ms W would have been any more honest had Starling intervened further when Ms W made any of the payments that are in dispute.

So, I don't think Starling missed an opportunity to prevent the scam and it is not responsible for Ms W's loss.

My final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms W to accept or reject my decision before 14 January 2025.

Terry Woodham
Ombudsman