

The complaint

Mr H complains that Starling Bank Limited blocked his account and delayed lifting the block. The result of the delay was that he had no electricity for a day. He says too that the bank did not notify him of the block.

What happened

On 2 June 2024 Mr H received a payment of £65 into his account. The originator of the payment disputed it through their own bank and sought a refund. The balance on Mr H's account was by then less than £1, so an immediate refund was not possible.

Starling asked about the payment. Mr H said it was payment for a mobile phone which he had sold online, but that he agreed to provide a refund. He would not be able to do so, however, until he received funds due to him on 12 June. Starling lifted some of the restrictions on the account to allow it to receive faster payments. Mr H remained unable to make payments from the account.

Mr H transferred funds into his account on the morning of 13 June. Starling made arrangements for a refund of the £65 to be made and for the remaining restrictions on the account to be lifted. That process was completed on the evening of 13 June. In the meantime, Mr H says he had no electricity because he had no means of paying for it.

Mr H complained to Starling about what had happened. His complaint included that Starling had not taken into account his vulnerability and health issues.

Starling said in its response that it had been under an obligation to restrict the account while the dispute about the mobile phone was investigated and resolved. It did acknowledge however that it had not always identified or acknowledged Mr H's disabilities and vulnerabilities. It apologised for that and paid him £75 in an attempt to resolve the complaint.

Mr H did not think that went far enough and referred the matter to this service. One of our investigators considered what had happened but did not recommend that the complaint be upheld. He thought that Starling had done enough to resolve things. Mr H did not agree and asked that an ombudsman review the case.

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.

I should say first of all that, in keeping with this service's role as an informal dispute resolution service, I have kept my comments fairly brief. In particular, I have not set out in detail Mr H's health issues and vulnerabilities. I have nevertheless taken them into account in deciding what's fair and reasonable.

Starling explained to Mr H why it needed to block his account. There was a dispute over a payment into the account, and Mr H acknowledged that a refund was due. But there were insufficient funds in the account to make that refund. Starling therefore had little option but to restrict the account until there were sufficient funds in it to make the refund. And, because the dispute was over a bank payment and had been raised through the buyer's bank, the refund had to be completed between the banks involved.

I am satisfied too that Starling kept Mr H properly informed about what it was doing, and why. It was not always able to respond to Mr H's questions sent through its messaging service in real time, but I don't believe there were any unreasonable delays. And I think it was always made clear to Mr H that restrictions would remain on the account until the refund had been processed.

Finally, I note what Mr H has said about his lack of funds on 13 June and the consequences. I don't believe however that it was unreasonable for Starling to take several hours to process the refund, have it confirmed, and then lift the account restrictions. I do not under-estimate the impact on Mr H of being without funds when he expected to have them. I cannot however compensate him for that unless I think Starling took too long to lift the restrictions. I don't believe it did.

It follows that I agree with the investigator that the compensation of £75 which the bank has already paid is a fair resolution of Mr H's complaint.

My final decision

For these reasons, my final decision is that I do not uphold Mr H's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 5 February 2025.

Mike Ingram
Ombudsman