

The complaint

Mr R on behalf of his business T complains that its Starling Bank Limited (“Starling”) debit card is routinely declined during contactless transactions particularly at petrol stations causing him and T reputational harm.

What happened

Mr R contacted Starling on a number of occasions regarding T’s debit card being declined when making contactless transactions. Starling explained that the transactions were being rejected due to the £300 cumulative contactless payment limit being reached and that to resolve the problem a chip and pin transaction would be required to reset the limit.

Mr R was unhappy with this resolution and so complained on behalf of T about all of this. Mr R wants the £300 limit to be increased. He says that neither contactless or chip and pin methods work to resolve the issues he’s having.

Starling didn’t uphold Mr R’s complaint. It says it can’t increase the limit and explained that when a pre-authorisation such as when buying petrol is attempted it pre-authorises at a high amount, such as £99, which is likely to take one over the limit even if the actual purchased amount is lower than this.

Starling further explained that sometimes trying a chip and pin transaction from a failed contactless transaction encounters issues and won’t progress and so it recommended using the chip and pin transaction as the first instance and that will then reset the cumulative contactless limit.

Mr R was dis-satisfied with this and so brought the complaint to this service. Mr R wants to be compensated for the significant stress, frustration, anxiety and embarrassment experienced due to T’s debit card transactions being declined.

One of our investigators looked into Mr R’s concerns but didn’t think Starling had acted unfairly or unreasonably. As a service we are unable to tell Starling to change its contactless payment limit or its processes and as the complaint relates to a business account we are unable to award compensation for distressed feelings.

Mr R disagreed he says the contactless limit of £300 doesn’t work for the operational realities of a business entity and that Starling has failed to provide support in this regard and a workable solution and is in breach of its regulatory duties. Mr R has asked for an ombudsman’s decision.

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 hope that Mr R won't take it as a discourtesy that I've condensed his complaint brought on behalf of T in the way that I have. I've concentrated on what I consider to be the crux of the complaint. Our rules allow me to do that. And the crux of the complaint is that T's debit card is routinely declined due to the contactless limit and Starling has failed to provide a workable solution to the problem. Mr R wants to be compensated for the distress and inconvenience this has caused.

Having considered everything, I'm in agreement with our investigator and I'm not sure there is anything much more of use that I can add.

It might be helpful for me to say here that, as we are not the regulator, I cannot make Starling change its systems or processes – such as how transactions are processed or what security measures a bank puts in place. We offer an informal dispute resolution service and we have no regulatory or disciplinary role.

My role is to look at the problems T has experienced and see if the Starling has done anything wrong or treated T unfairly. If it has, I would seek – if possible - to put T back in the position it would've been in if the mistakes hadn't happened.

In this case it is not disputed that at times when using T's debit card to make contactless transactions they are declined causing Mr R and his business some inconvenience and embarrassment. But the debit card contactless transactions aren't failing due to an error on Starlings part, they are failing as Starlings security processes are working as they should and enforcing the £300 contactless limit. So I can't say Starling has done anything wrong here.

My understanding is having contactless transactional limits in place is a security measure and although it may have caused some inconvenience and embarrassment, I don't think the extra security measures are unfair. Indeed, while I wouldn't tell Starling how to run its business or what security measures it needs in place, I would expect it to take reasonable measures to protect its customers against theft and fraud.

Mr R is unhappy with the service and support Starling has provided him with regarding this issue. But Starling has given Mr R what I think are reasonable solutions to the issue such as resetting the contactless limit with a chip and pin transaction or to try and circumvent the issue from happening altogether by using chip and pin as the first transaction method and issuing T with a new card. I accept this is not the answer Mr R wants to hear, but I can't say the Starling has treated T unfairly by providing these solutions to the problem rather than changing its policy around the setting of its contactless limit.

So overall and having considered everything I don't think Starling has made an error or treated T unfairly as its contactless transaction limit is working as it should and Starling has offered reasonable advice to Mr R to assist him when transacting on behalf of T.

So it follows that I do not uphold this complaint.

My final decision

For the reasons I've explained I've decided not to uphold T's complaint against Starling Bank Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 13 January 2025.

Caroline Davies
Ombudsman