

## **The complaint**

Mr A complains that Starling Bank Limited didn't do enough to prevent him losing money to an alleged scam.

## **What happened**

The detailed background to this complaint is well known to both parties. So, I'll only provide a brief overview of some of the key events here. In February 2022 Mr A made an international payment for \$2,240. The money was for the purchase of a vehicle which was to be delivered. Mr A says the vehicle has not been received; the seller sent fake documents; and has been unwilling to refund the money. Believing that he'd been the victim of a scam, Mr A reported this to Starling Bank.

Starling bank didn't uphold Mr A's complaint. It said it wouldn't be refunding Mr A's loss as it couldn't treat his claim as a scam because he'd previously sent funds to the same beneficiary for the purchase of a vehicle and had received it. It concluded this to be a buyer-seller dispute.

Mr A remained unhappy that Starling Bank were not dealing with his claim as a scam. He referred his complaint to our service. Our Investigator concluded that Starling Bank should've considered and acknowledged the rest of the evidence Mr A had provided. But even if it had treated the matter as a scam, as there had been no failure by Starling Bank in the processing of the payment, and the recovery of funds from the recipient bank seemed unlikely, he didn't think Starling Bank needed to do anything further to resolve this complaint.

Mr A didn't accept the Investigator's assessment 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.

Having done so, I've reached the same outcome as our Investigator and for largely the same reasons. I know this will be disappointing for Mr A, so I'll explain why.

Firstly, I'm sorry to hear about the situation in which Mr A finds himself. I understand why he wants to do all he can to try to get his money back. But in these circumstances simply because Starling Bank didn't treat the matter as a scam and/or failed to look into the evidence Mr A had provided before reaching its claim outcome, isn't a basis upon which I can ask it to refund Mr A's loss. I can only ask Starling Bank to refund Mr A's loss if I can fairly and reasonably conclude its act or omission was the cause of it.

I appreciate much of Mr A's dissatisfaction is focussed on Starling Bank's reluctance to accept that he has been the victim of a scam. But ultimately what Mr A wants is for Starling Bank to refund his loss. And in the circumstances of this complaint even if I were to say Starling Bank ought to have concluded this to be a scam, I still don't think this would've resulted in Mr A receiving his money back. I say this for the following reasons:

- Of course, in hindsight and now knowing the seller hasn't sent the vehicle as promised it's easy to say Starling Bank ought to have intervened and done more and that it missed an opportunity to prevent Mr A's loss. But taking into account the volume of transactions that take place daily, it simply wouldn't be practical for a bank to stop and check each and every one of those – especially if it's not uncharacteristic, unusual and/or suspicious in the context of the previous and/or expected account activity. It has to strike a balance between monitoring accounts and preventing fraud without unduly hindering its customer's use of their account.
- I can see in the weeks leading up to the disputed payment Mr A had made payments to the same beneficiary (same account details), and payments which were larger in size. So in the context of Mr A's previous spending and account usage, I'm satisfied that it wouldn't be fair to say that the amount and/or type of payment should have appeared sufficiently uncharacteristic or suspicious to Starling Bank such that it ought to have intervened and contacted Mr A about the payment.
- And even if Starling Bank had intervened, questioned Mr A, and provided scam warnings (which to be clear I don't think it needed to). Ultimately, I think Mr A would've gone ahead with the payment as he'd previously paid for, and received, a vehicle from the seller.
- I've also considered whether Starling Bank ought to have done more to assist Mr A in his efforts to recover the money he'd sent. I appreciate Mr A wants Starling Bank to accept he has been the victim of a scam and would like it to take the necessary steps it would've done, had it treated the matter in this way from the start. But even if it had taken those steps, I think it's unlikely that it would've been able to recover any of Mr A's funds. I say this because firstly, Starling Bank can only try to recover Mr A's money on a best endeavours basis, it can't compel or make a recipient bank return it. Secondly, as our Investigator has explained, from the evidence Mr A has shared even if the money was available in the recipient bank account it appears as though the seller wouldn't have agreed to it being sent back. So, it's unlikely the recipient bank (which also happens to be an international bank that operates under different rules and regulations) would have returned it. And if this is fraud as Mr A says, on balance, the money was likely to have been moved elsewhere or spent by the time he reported this to Starling Bank.
- On a number of occasions Mr A has mentioned a scheme under which victims of scams are reimbursed. I think what he is referring to here is the Lending Standards Boards Contingent Reimbursement Model ('the code'). This requires firms who are a signatory of the code to reimburse customers who've been the victims of authorised push payment ('APP') fraud, in all but a limited number of circumstances. One of the code's requirements for a payment to be covered is that it must be a transfer between UK-domiciled, GBP accounts. The disputed payment Mr A sent does not meet the code's criteria as it was an international payment in US dollars. So even if Starling Bank had treated Mr A's claim as a scam, the payment wouldn't have been covered under the code. So, I can't fairly say Starling Bank's actions have resulted in Mr A not receiving reimbursement that he otherwise would've done.

So taking all the above together, I can't reasonably conclude that Starling Bank could've prevented Mr A's loss or that it not treating the matter as a scam when Mr A reported it had an impact on any potential recovery or redress.

**My final decision**

For the reasons outlined above, my final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 7 December 2023.

Sonal Matharu  
**Ombudsman**