

The complaint

Mr D complained because Starling Bank Limited refused to refund him for transactions he said he didn't make.

What happened

On 12 May 2023, Mr D contacted Starling by chat. He said there were 8 debit card transactions on his account, totalling £6,026, which he hadn't authorised. These took place between 11.47 pm on 11 May and 3.15 am on 12 May. They amounts varied between £345 and £1,980.

Starling stopped Mr D's card and issued a new one. It investigated, and asked Mr D questions about the circumstances. It told Mr D that the transactions had been made using Mr D's card and his correct PIN.

In various chat messages over the next few days, Mr D told Starling that his last genuine transaction had been for petrol on 10 May, and that he'd only realised his card was missing on the day after the disputed transactions. He said he hadn't given anyone his PIN or written it down. The only way he could think someone had obtained it was at a cash machine on 6 May when he'd withdrawn £20 cash, and he thought that someone might have seen him enter his PIN at that time, or he said his card might have been cloned. He said it was possible he'd lost his card at the gym which was near the cash machine which he'd used on 6 May.

On 18 May, Starling told Mr D that it had reviewed his claim and couldn't find any evidence to support fraudulent activity, so it wouldn't refund the transactions. It suggested he should contact the merchants direct.

Mr D asked how on earth Starling could not determine this to be fraud. He asked whether Starling had checked the amounts and the fact that multiple high value payments had been taken without his knowledge in the middle of the night. He complained.

Starling's final response didn't uphold Mr D's complaint. It said that it wouldn't disclose details of its investigation, because of security. But it had found no evidence to suggest fraudulent activity, so it couldn't refund him.

Mr D wasn't satisfied and contacted this service.

Our investigator didn't uphold Mr D's complaint. She said that all the transactions had been completed using Mr D's genuine card and correct PIN, and there was no clear point of compromise for his PIN. She said it wasn't plausible that the transactions had been completed without Mr D's knowledge.

Mr D wasn't satisfied. He said over £6,000 had been spent in three hours between midnight and 3am, at locations four hours away from his home. He said the card wasn't in his possession and he hadn't agreed to the transactions. Mr D said the bank should have blocked the transactions as he hadn't previously spent more than £200 in any transaction.

Mr D said that he hadn't disclosed his PIN, though he had had the same PIN for all his cards. He said the incident and Starling's response had been shattering, and he thought he would go to his MP and the press as he had never received such an injustice.

Mr D 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.

There are regulations which govern disputed transactions. The relevant regulations here are the Payment Services Regulations 2017. In general terms, the bank is liable if the customer didn't authorise the payments, and the customer is liable if they did authorise them. So I've considered whether it's more likely than not that Mr D, or a third party without his consent, authorised the payments.

The technical evidence shows that it was Mr D's genuine debit card which was used. It also shows that authentication was carried out using his correct PIN. There are 10,000 possible combinations of a four-digit number, so it's unlikely that anyone else could have guessed Mr D's PIN correctly. The technical evidence also shows the names of the businesses, and type of business, to which the payments were made.

Mr D suggested that someone could have looked over his shoulder when he used at a supermarket cash machine on 6 May. That was some days before the first disputed transaction late at night on 11 May. Mr D also said that he might have lost his card at a gym near the supermarket. But he also made an undisputed petrol purchase on 10 May. It's not likely that someone would have looked over his shoulder on 6 May at the supermarket cash machine, then the same person would have obtained his card after the petrol purchase elsewhere on 10 May.

And fraudsters usually carry out as many transactions as possible, as quickly as possible, to maximise their gain. The disputed transactions took place over three hours, which wouldn't be usual for a fraud. And although they totalled over £6,000, there was still over £1,000 remaining in Mr D's account. I think it's unlikely any fraudster would have left this amount untouched.

I've considered Mr D's argument that the transactions took place in a city around four hours' travelling time from where he lived. But I don't think that's relevant, because Mr D might have travelled to that city for a visit.

I've also considered Mr D's argument that Starling should have blocked the transactions as he hadn't previously spent more than £200 in any transaction. I've looked at his statements from November 2022 onwards, and certainly most transactions were relatively low value, though there are a small number over £200. Banks do monitor accounts and payments made or received, to counter various risks including anti-money laundering, countering the financing of terrorism, and preventing frauds and scams.

In some circumstances, banks also take additional steps before processing a payment to help protect customers from the possibility of financial harm from fraud. But to balance against this, they also have a responsibility to process payments in line with customers' genuine instructions. It's arguable whether Starling should have intervened when the final payments were made here. But if it had done so, I don't think intervention would have made any difference in the circumstances of this case. That's because I think it's more likely than not that Mr D authorised the payments himself, for the reasons above.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 4 January 2024.

Belinda Knight
Ombudsman