

## **The complaint**

Miss K complains that Starling Bank Limited blocked and closed her account. She provided the information they requested. She would like compensation.

## **What happened**

Miss K had an account with Starling.

Starling blocked Miss K's account on 24 September 2022. Starling asked Miss K for information regarding proof of entitlement to some of the funds in her account. Miss K provided this to Starling the next day. Starling continued their review.

Starling decided to close Miss K's account with immediate effect on 10 November 2022.

Miss K says she provided the information Starling wanted regarding two loans and insurance claims. Miss K was very prompt with her information.

Miss K was unhappy with the way Starling had treated her, she said they had reported her to the police, but she was cleared of any wrongdoing. So, she complained to our service.

One of our investigators looked into the complaint. He thought Starling had caused delays in the review of Miss K's account. He therefore thought they should pay compensation to Miss K, together with £1,000 for the loss of a deposit on a car and £7.50 for a late payment fee. He also thought Starling should pay Miss K £300 compensation for the delays in the review and not allowing Miss K access to wages or benefits during the block.

On receipt of the view Starling provided the investigator with further information. Following this our investigator issued a second view. He thought Starling had accounted for the time the account was blocked and had provided information in confidence that showed they hadn't caused a delay in the review of the account. He therefore didn't think Starling should be held liable for the losses Miss K had incurred during the review period. However, he still thought Starling should have given Miss K access to her wages and or benefits and he awarded £150 compensation for this.

Miss K was unhappy with the view. She didn't understand why Starling had closed her account with immediate effect. She knew there had been a police investigation, but she was cleared of any wrongdoing. She said she suffered distress and had to borrow money from friends and family because her account was on hold for a few months. Miss K didn't think Starling were entitled to close her account in the way they did.

As there was no agreement the matter came to me, and I issued a provisional decision.

In my provisional decision I said:

### *Review and Closure of account*

*I'll start by setting out some context for the review of Miss K's account. UK legislation places extensive obligations on regulated financial businesses. Financial institutions must establish*

*the purpose and intended nature of transactions as well as the origin of funds, and there may be penalties if they don't. This applies to both new and existing relationships. These obligations override all other obligations. I am satisfied Starling were complying with these obligations when they reviewed Miss K's account.*

*Starling were entitled to ask Miss K for the information they required to carry out the review, so I'm satisfied they acted fairly there.*

*This is reflected in Starling's terms and conditions. These say Starling can block an account or card to meet its legal obligations and delay payments if needed to carry out further checks. The terms and conditions of the account also allow Starling to close and suspend accounts immediately in some circumstances.*

*I can see that in blocking the account the bank were following an internal process which they carried out in order to comply with their legal and regulatory obligations. This was a legitimate exercise so I can't say Starling was unfair.*

*Starling closed the account with immediate effect. It's generally for banks to decide whether or not they want to provide, or to continue to provide, banking facilities to any particular customer. Unless there's a good reason to do so, this service won't usually say that a bank must keep a customer or require it to compensate a customer who has had their account closed.*

*I've considered whether Starling acted fairly in closing Miss K's account. I've looked at the terms and conditions of her account and I'm satisfied they did. The terms and conditions outline that the bank can close a customer's account with two months' notice, and in certain circumstances they can close an account immediately. In this case Starling closed Miss K's account without notice. For Starling to act fairly here they needed to meet the criteria to apply their terms for immediate closure – and having looked at these terms and all the evidence I'm satisfied that the bank has applied the terms fairly. And it was entitled to close the accounts as it's already done.*

*Miss K has said that she was reported to the police, but she was cleared of any wrongdoing so she can't understand why her account has been closed. I appreciate what Miss K is saying however I haven't seen enough evidence to suggest Starling is responsible for any decisions the police made. In any event I can't make any comment on any matter the police may wish to investigate as this is an issue for them and not this service. I don't think that Starling did anything wrong if it had concerns that it reported to the police even if these were later unfounded or shown to be untrue.*

*I'd like to reassure Miss K that I've looked at the bank's actions in closing her account. The bank, as I've said, is able to close the account in accordance with the terms. They can close the account with no notice – which is what they have done here but I'm satisfied they have acted fairly in doing so.*

*Miss K has said that she has suffered losses as a result of the block of her account. In particular she lost out on a car she was going to buy and lost the deposit of £1,000. She also had to pay a late payment fee. I am sorry that Miss K has suffered losses as a result of her account being blocked. But as I've said Starling were entitled to block her account and I haven't seen anything to suggest they acted unfairly in doing so or delayed the review. This*

*means that although I accept that Miss K suffered losses Starling shouldn't be held liable for these losses, so I won't be awarding Miss K compensation for these losses.*

### **Reason**

*Miss K has said she wants to know the reasons why Starling blocked and then closed her accounts. Whilst Miss K may've expected to be given the reasons for the account block and closure. Starling isn't required to give her a specific reason. And I can understand Miss K's frustration that she hasn't been provided a detailed explanation. But Starling is under no obligation to provide this information to her, as much as she'd like to know. So, I can't say Starling have done anything wrong by not giving Miss K this information.*

### **Access to wages**

*The investigator in his second view awarded Miss K £150 for not having access to her wages or benefits.*

*I've looked at the statements and also the information Miss K herself provided to this service in October 2022. Miss K told us that her wages were paid into the Starling account but that she managed to move these. I have looked at the statements from the account. I can see that Miss K received benefits into the account in August 2022 and then on 20 September 2022. The account was blocked on 25 September 2022 but by then Miss K had used that money for payments out of the account. I can see that no payment for benefits went into the account in October 2022.*

*I'm satisfied that having looked at the statements and taking into consideration what Miss K said to our service about moving her wages /benefits to another account Miss K had access to her wages /benefits, so I'm minded to not award compensation for this.*

In my provisional decision I was minded not to uphold the complaint.

### **Responses to my provisional decision**

Miss K hasn't replied to my provisional decision. Starling has also not replied to my provisional decision.

Now both sides have had an opportunity to comment I can go ahead and issue my final 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.

Although Miss K and Starling have not provided any further comments, I have nevertheless re-considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint. I have seen nothing to change my mind and so my provisional findings stand.

### **My final decision**

For the reasons stated above and in my provisional decision I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss K to accept or reject my decision before 29 December 2023.

Esperanza Fuentes  
**Ombudsman**