

The complaint

Ms L complains that Starling Bank Limited (“Starling”) won’t refund over £6,000 she lost as part of a romance scam.

What happened

The details of this complaint are well known to both parties, so I won’t repeat everything again here. In brief summary, Ms L fell victim to a romance scam in January 2021 and was manipulated into sending money to an individual she met online. The scammer said he was in the army and asked her to make payments in order to facilitate an early discharge and pay for flights so he could return home.

Ms L made the following payments from her Starling account:

7 Jan 2021 - £1262 to Van Rodde Mark (GB)
9 Jan 2021 - £1850 to Van Rodde Mark (GB)
13 Jan 2021 – £2000 to Yasin Uner (Turkey)
14 Jan 2021 - £1000 to Yasin Uner (Turkey)

After realising she had been scammed, Ms L reported the fraud to Starling, who declined to refund the money she lost.

Our investigator upheld Ms L’s complaint in part. She said that the first two payments were covered under the Contingent Reimbursement Model (CRM Code) such that Starling would be liable to refund 50%. This was because it failed to provide an effective warning, and because Ms L didn’t have a reasonable basis for believing the payee was legitimate.

In terms of the remaining international payments, the investigator didn’t think Starling would be liable to refund these payments as they did not fall within the scope of the CRM Code, and they wouldn’t have appeared unusual enough to warrant an intervention by the bank.

Starling accepted this and agreed to settle the complaint in line with the investigator’s recommendations, but Ms L disagreed, so the matter has been escalated to me to determine.

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 agree with the conclusions reached by the investigator for the following reasons:

- It isn’t in dispute that Ms L has fallen victim to a scam here, not that she authorised the payments made between 7 and 14 January 2021. Starling has also accepted that it would be liable to refund 50% of the first two payments under the CRM Code for failing to provide an effective warning, so I don’t consider it necessary to explore or comment

on this any further. What remains in dispute, however, is whether Ms L had a reasonable basis for believing the payments to be genuine, such that she should receive a full refund, as well as whether Starling should have intervened in the final two payments that aren't covered by the Code.

- In terms of the first two payments that fall within the scope of the CRM Code, I'm not persuaded Ms L had a reasonable basis for believing the payments were for genuine purposes. I appreciate that romance scams are often successful because the scammer is able to build trust with their victim over a prolonged period of time. But even bearing this in mind, I don't think the reasons Ms L was given for sending money were realistic or plausible. A soldier who is sent overseas in action cannot simply pay money to be discharged from the military, and neither is it plausible that they would have to pay for their own flight either, or that doing so would enable them to avoid quarantine measures.
- Ms L was also paying money to accounts held in the name of different individuals, which ought reasonably to have led her to believe that something wasn't right. I acknowledge that Ms L did question the scammer about the different payees, but I'm not persuaded she received a clear or plausible enough explanation in response that would have reasonably assuaged those concerns. So, I'm satisfied Starling can fairly rely on this exception under the Code in order to limit reimbursement to 50%.
- In terms of the international payments, these would not fall within the scope of the CRM Code as it only applies to transfers made between GBP-denominated UK-domiciled accounts. But I've considered whether Starling should have done more to prevent Ms L from falling victim to the scam in line with its obligations outside of the Code, as there are some situations in which a bank should reasonably have had a closer look at the circumstances surrounding a particular transfer. For example, if it was particularly out of character.
- However, having reviewed the two payments of £2,000 and £1,000 that Ms L made, I don't think these were enough in themselves to have warranted an intervention by Starling, as they were not so unusual as to amount to a significant deviation in the way the account was normally run. So, I don't think it would be fair and reasonable to hold Starling liable for these payments, because I wouldn't have expected it to block them or make further enquiries before agreeing to release the funds.
- In terms of Starling's efforts to recover the funds, I can see that it reached out to the beneficiary banks soon after being informed of the fraud, but was unfortunately unable to retrieve the funds. So, I don't think there was anything more it could have done to try and recover the money.

My final decision

For the reasons given above, I uphold this complaint in part and direct Starling Bank Limited to:

- Refund 50% of the first two payments covered under the CRM Code.
- Pay 8% simple interest per year from the point Starling declined Ms L's claim under the Code until the date of settlement.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms L to accept or reject my decision before 23 October 2023.

Jack Ferris
Ombudsman