

The complaint

A company I'll call E complains that Starling Bank Limited (Starling) delayed in returning its funds after closing its account.

E is represented by its director, Mr K.

What happened

In November 2021, Starling blocked E's account while it carried out a review. When it completed its review, it decided to close E's account. It wrote to E on 6 December 2021 confirming its intention to close the account, and confirming that a cheque for the account balance of £79,505 would follow. Starling issued a cheque for the balance on 14 January 2022. Mr K asked for Starling to issue a cheque in his personal name, rather than in E's name but Starling declined.

On 21 January 2022, Mr K told Starling that the new account he had opened didn't accept cheques, so he asked for a bank transfer instead. Starling agreed but later said the cheque needed to be cancelled before it could make the transfer, and the payment was later returned owing to a restriction on E's new account.

Starling ultimately issued another cheque on 25 February 2022, which Mr K cashed into another of E's accounts on 2 March 2022.

Mr K complained about the delay, but Starling didn't uphold his complaint so he brought his complaint to our service. Our investigator agreed Starling had caused a delay, but felt that the delay hadn't affected the overall timeframe.

Mr K didn't agree, so he asked for an Ombudsman to review the matter afresh.

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.

Firstly, I should say that I'm aware I've summarised the events of this complaint in far less detail than the parties, and that I've done so using my own words. The reason for this is that I've focussed on what I think are the key issues here, which our rules allow me to do.

This approach simply reflects the informal nature of our service as a free alternative to the courts. And I'm satisfied I don't need to comment on every individual argument to be able to reach what I think is the right outcome in this case, particularly given the detailed background and chronology our investigator set out in his outcome. So, if there's something I've not mentioned, it isn't because I've ignored it, and I must stress that I've considered everything both Mr K and Starling have said, before reaching my decision.

Account closure

A bank is entitled to close an account with a customer, so long as it does so in a way that complies with the terms and conditions of the customer's account.

I've looked at the evidence Starling has provided to support its decision to close E's account, and I'm satisfied it was entitled to do so. Starling's terms and conditions don't oblige it to disclose the reasons for its decision to E, and I can see Starling didn't want to tell E why it closed the account, beyond the information it set out in its final response letter. So, it doesn't have to explain itself to E, but I hope E can take comfort from the fact that I have independently reviewed its actions to make sure it followed the correct procedure, and treated E fairly.

Account balance

I don't have much to add beyond what our investigator has already said. There was a slight delay beyond the 14-day timeframe Starling advised E of when it first issued the cheque, but that didn't cause a delay in E receiving the funds as E's account wasn't able to receive payments by cheque. Starling told E it would send the payment by cheque, and I don't take issue with Starling's decision to issue the cheque to E not Mr K, given E was its customer and therefore the account funds belonged to E, not Mr K.

Starling then acted promptly in handling E's request for an alternative payment method, and I'm satisfied it was reasonable to wait for the cheque to be cancelled before issuing the bank transfer, given the risk of the payment crediting E's account twice. And because Starling had said in advance that it would issue a cheque and because it was E's new bank, not Starling, that wouldn't proceed with the cheque, I can't hold Starling responsible for the delay caused by the fact that the cheque payment wasn't successful.

Then, when Starling tried to make a transfer, the payment bounced back owing to an issue with E's new account, so again I don't find fault on Starling's part. Starling then issued another cheque within the 14-day timeframe it had told E about at the outset. So again, I don't think it caused any unreasonable delays. And that cheque was ultimately banked by E in another account.

For the reasons I've set out above, and having considered all of the circumstances of this complaint, I'm not persuaded it would be appropriate for me to tell Starling to compensate E. So, I won't ask it to do anything more to put things right for E.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask E to accept or reject my decision before 8 November 2023.

Alex Brooke-Smith
Ombudsman