

The complaint

Mr O complains that Starling Bank Limited ("Starling") have not refunded payments it should have.

What happened

On 2 April Mr O made a £20 payment to a merchant and 5 further payments totalling £50 to a second merchant from his Starling account.

Although Starling accepted the payments, they weren't debited from Mr O's account until 15 April (£20) and 22 April (£50). So when Mr O checked his account he didn't see the balance he was expecting and also received a notification that his balance had dipped below £0.00.

Mr O complained to Starling about this.

Starling accepted it was an error on its part in that it hadn't collected the payments in a timely manner from Mr O's account which made it difficult for him to manage his account and ensure he held sufficient funds to meet these payments. The delay in collecting the payments caused a negative balance on Mr O's account.

To put things right Starling reversed some transactions so Mr O's account was no longer in a negative balance and confirmed that it would not attempt to collect the transactions again and that he hadn't incurred any interest charges and that his credit file hadn't been impacted by this issue.

Starling compensated Mr O £20 and then £30 for the distress and inconvenience caused.

Mr O was dissatisfied with this and brought his complaint to this service.

One of our investigators looked into Mr O's concerns and reached the conclusion that Starling had taken action so that Mr O wasn't negatively impacted by the delayed payments to merchants he had made and thought the £50 compensation was fair for the inconvenience caused.

Mr O disagreed, he was expecting to see a refund of £70 on his statements and has 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.

Having considered everything provided, I've decided not to uphold Mr O's complaint.

My role is to look at the problems Mr O has experienced and see if Starling has done anything wrong or treated them unfairly. If it has, I would seek – if possible - to put Mr O

back in the position he would've been in if the mistakes hadn't happened. And I may award compensation that I think is fair and reasonable.

Mr O is unhappy that payments he made to a merchant on 2 April didn't debit his account until 15 and 22 April. Starling accepted that the delay in collecting the payment was an error on its behalf and to put things right agreed to reverse any transactions that caused a negative balance and paid Mr O £50 compensation for the distress and inconvenience caused.

Mr O is dis-satisfied with this as he was under the impression the £70 worth of transactions would be reversed. But I don't agree. Although I accept the delay in collecting these payments has caused Mr O some inconvenience in that he thought he had more money than he did, I don't think he has financially lost out. Mr O isn't disputing he wished to make the transactions in question. So just because they were taken later than expected I don't see why he should be refunded for them.

However, if a delay in debiting Mr O's account made it more difficult for him to manage his money and resulting in Mr O's account becoming overdrawn – I think it would be fair for Starling to reverse those transactions – as it has done here.

I understand that Mr O hasn't been able to see the reversal on his bank statements, but my understanding is that is because Starling never debited this money from his account there is nothing to show on the statements. So I'm satisfied that Starling has done enough to put things right for Mr O for the delay in collecting money from Mr O's account for the transactions he wished to make and that Mr O hasn't lost out financially as a result.

I also think the £50 Starling has paid Mr O for the error to be fair. Sometimes things don't go as smoothy as they should and mistakes happen. And in this case I don't think the detriment Mr O has suffered warrants further compensation.

So overall and having considered everything I think Starling has done enough to put things right for Mr O and I'm not going to ask it to do anything more.

My final decision

For the reasons I've explained I've decided that what Starling Bank Limited has done to settle Mr O's complaint is fair and I'm not going to ask it to do anything more.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr O to accept or reject my decision before 5 December 2023.

Caroline Davies
Ombudsman