

The complaint

Ms S complains about Starling Bank Limited.

She says that Starling didn't do enough when it allowed an account to be opened by a fraudster or when it was notified of payments she made to its customer as part of a scam.

Ms S would like Starling to refund her the money she lost.

What happened

Ms S met 'O' through online dating in early 2018. He appeared to be genuine, and a relationship developed. Ms S met with O on several occasions, as did her family, who also believed he was genuine.

As the relationship developed, gifts were exchanged, before requests for money for various purposes began, which O promised to repay.

In 2021, Ms S pressed O to return the money as she was now struggling as a result and was told that O needed to return to his home country for a month to sort out his business affairs and release the funds.

However, O then made various excuses for not being able to return, before making claims to have been captured by a gang and asked Ms S to pay a ransom. Ms S didn't have the money to pay the supposed ransom, after which O appears to have faked being murdered. There has been no further contact.

When Ms S realised she had been the victim of a cruel and callous scam, she complained to Starling, as O's bank where some of the money she has lost was sent.

She says that Starling didn't do enough to identify O may have been a fraudster when it allowed O to open an account with it, and that it didn't act quickly enough when it was contacted in an attempt to recover funds.

Starling didn't uphold her complaint. It said that all relevant documentation had been provided when the account was opened, and that it didn't have any concerns about the account. It also explained that no funds remained in the account to recover when the payments were disputed.

Ms S then brought her complaint to this Service. Our Investigator looked into things, but didn't think that the complaint should be upheld, so the complaint has been passed to me.

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'm not upholding this complaint for broadly the same reasons as our Investigator.

I know that this will be very disappointing for Ms S as the whole saga has of course had a profound effect upon her. However, being the victim of a scam doesn't automatically entitle Ms S to a refund from the bank that received her money.

Starling has signed up to the Contingent Reimbursement Model (CRM) Code. The CRM Code sets out what is expected of the 'Sending Firm' and 'Receiving Firm' (in this case Starling) when payments are made or received.

In summary, the obligations for the receiving firm state that firms should:

- Take reasonable steps to prevent accounts from being used to launder the proceeds of Authorised Push Payment (APP) scams.
- Have procedures to prevent, detect and respond to the receipt of funds from APP scams; and
- Where the receiving Firm identifies funds where there are concerns that they may be the proceeds of an APP scam, it should freeze the funds and respond in a timely manner.

So, with this in mind, I have carefully considered Starling's obligations here.

Starling has shared information with this Service as part of its obligations under the CRM code which has allowed me to investigate Ms S's complaint – however I am limited to what I can share with Ms S due to Data Protection laws, as this information is confidential. However, I would like to reassure her that I have carefully reviewed all information provided before issuing my decision.

Complaints about receiving banks and any acts or omissions came into our jurisdiction from 31 January 2019. I've seen evidence from Starling to show that the receiving bank account was opened after 31 January 2019. This means I'm able comment on whether there were any failings by Starling when the account was opened.

Having looked at the information Starling has provided, I can't say that there was anything that should have caused Starling any concern about the way the account was opened or the information and identification it was provided with by O. I also don't think that there was any indication at the time that the account would be used for fraudulent activity.

I've gone on to consider whether the activity on the receiving bank account ought reasonably to have caused Starling any concern. Whilst data protection reasons mean I can't share any information with Ms S, I don't think there was anything relating to the activity on the account that should have prompted Starling to have any concerns prior to being notified that Ms S was reporting to it that she had been the victim of a scam.

Finally, I've considered Starling's actions on receipt of notification of the scam from Ms S's bank. Ms S reported to Starling several months after the payments had been made, and the money had already been removed from the account by this time. So, there was nothing Starling could have done to protect Ms S's funds or prevent her loss. I'm also satisfied that once it was notified of the scam Starling took appropriate action.

I am very sorry to hear of what has happened to Ms S, she has been the victim of a cruel and lengthy scam. However, I can't hold Starling responsible for her loss.

My final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms S to accept or reject my decision before 10 January 2024.

Claire Pugh
Ombudsman