

The complaint

Mr H complains that Starling UK Plc blocked his account and won't return money to him. He's also unhappy that Starling closed his account.

What happened

Mr H had a personal account with Starling. In June 2021, Starling decided to review how Mr H was operating his account. As part of its review Starling asked Mr H to provide them with information about money which had been paid into his account. Whilst it completed its review Starling blocked Mr H's account. This meant Mr H couldn't access the money held in his account, which was around £12,000.

Mr H told Starling that most of the money which had been paid into his account had come from the sale of a vehicle. And he provided paperwork to support his explanation. Starling reviewed all the information Mr H provided and what he'd said about the credit. But it wasn't happy with Mr H's explanation and said it wouldn't release the funds. Following this, Starling closed Mr H's account and sent him a cheque for his closing balance.

Mr H brought his complaint to our service where one of our investigator's looked into what had happened. The investigator asked Mr H to provide, more information about the vehicle sale and his entitlement to the money in his account. After reviewing all the information, the investigator didn't uphold Mr H's complaint. She thought the bank had acted fairly in not releasing the money, blocking, and then closing his account. Mr H disagreed. He says he's out of pocket and wants Starling to release the money to him.

As no agreement could be reached the matter has come to me to decide.

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.

I've first considered whether Starling acted fairly when it blocked and closed Mr H's account. And asked him for information about funds that had been paid into the account. Mr H has pointed out that the block and closure of his account has caused him a lot of problems and stress. I'm sorry that what's happened has caused Mr H trouble and upset. But for me to uphold this complaint, I must be satisfied that the bank has done something wrong. And in this case, I don't think it has. I'll explain why.

Starling have important legal and regulatory obligations they must meet when providing accounts to customers. They can broadly be summarised as a responsibility to protect persons from financial harm, and to prevent and detect financial crime. It's common industry practice for firms to restrict access to an account to conduct a review on a customer and/or the activity on an account. The terms of the account also permit Starling to block an account. So, I can't say Starling treated Mr H unfairly when it decided to block his account.

As part of their review, Starling asked Mr H for detailed information about the money in his

account and where it came from – which they're entitled to do under their obligations. Having reviewed everything, I do think Starling's requests were reasonable in the circumstances. Ultimately it is Starling who decide what information they do or do not require as part of a due diligence review and they have a duty to protect their customer's money and understand where it came from. Because of that, I can't fairly conclude Starling acted inappropriately when it asked Mr H to provide it with information about the source of funds in his account.

Following its review, Starling decided to close Mr H's account and wrote to him in November 2021, giving him seven days' notice that he needed to make alternative banking arrangements. 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 very good reason to do so, this service won't usually say that a bank must keep customer or require it to compensate a customer who has had their account closed.

I've considered whether Starling acted fairly in closing Mr H's account. I've looked at the terms and conditions of his 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 Mr H's account with notice. However, Mr H wasn't able to use his account from the date Starling blocked it. So, I consider Starling closed the account immediately. 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 account as it's already done.

release of funds

When Starling closed Mr H's account it sent him a cheque for his closing balance – which was just over £200. Mr H says this isn't all the money he was due. The crux of Mr H's complaint is that he wants the remaining money, that was paid into his account released to him. Since bringing his complaint to our service, the investigator was able to establish that £1,800 of the money remaining in Mr H's account had been set off against a business loan Mr H had with Starling, which Mr H has accepted.

Mr H has said that the remaining £10,000 was money he'd received from a vehicle he sold to a company, which I will refer to as B. Mr H says he received this money on 5 November 2020 from B. And he's explained that he had established business links with B, until he parted ways with the company. So, the £10,000 should be returned to him.

As part of its review Starling asked Mr H to provide it with information about his entitlement to the remaining funds in his account - £11,800 (which included the £10,000) that was paid into his account in October 2021. In response, Mr H provided paperwork, which included invoices relating to rental payments he says he received from B. He also provided a DVLA screenshot showing a transfer of ownership for a vehicle dated 11 May 2020, and a fleet vehicle insurance certificate effective from June 2019.

Starling didn't think the information Mr H provided was sufficient. Having looked at the information and thought about what Mr H has said about the money in his account, I can understand the bank's concerns. I say this because I've not seen any evidence that Mr H actually owned the vehicle, he says he sold. I've also not seen any invoices for the sale of the vehicle between him and B, which I find unusual. Mr H also hasn't offered any explanation why he wasn't paid by B until 5 November 2020, for a vehicle he says he sold six months earlier in May 2020.

I've also considered the information that Starling has provided this service about how Mr H was operating his account and his links to various business accounts. With this in mind, I

can understand why Starling wanted to know more about the funds. I can understand too why it didn't consider Mr H had adequately explained his entitlement to the money. Having looked at the information Mr H has provided, and in the absence of further information, I'm not satisfied that this shows Mr H is entitled to the money which was paid into his account. So, whilst I realise this will be disappointing to Mr H, I can't say the bank has treated Mr H unfairly when it decided not to release the money to him. And I won't be asking the bank to do so.

My final decision

For the reasons I've explained, my final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 19 October 2023.

Sharon Kerrison
Ombudsman