

The complaint

Miss T complains about how Monzo Bank Ltd (Monzo) treated her when she approached them about a gambling issue she had, and a delay in placing blocks on her account with them. Miss T says this caused frustration and had a significant impact on her finances.

What happened

In October 2023, Miss T contacted Monzo via their live chat function with concerns about certain online transactions. I'll refer to the three merchants involved as merchant A, B, and C. Miss T was querying the merchants as she considered them to be gambling merchants and she was aware that she already had a gambling block on her Monzo account.

Monzo responded saying that the merchants involved were not electronically registered as gambling merchants meaning the existing block would not have picked them up. However, Monzo did make Miss T aware they could add further blocks of individual companies to which Miss T responded positively. Monzo then offered other types of gambling support which Miss T declined. Within this chat, Monzo did not probe as to which merchants' blocks should be applied to, and as a result, transactions which Miss T regarded as blocked were debited from her account. Monzo offered to log the matter as a complaint which Miss T agreed to.

Miss T chased up the matter, and the complaint, unhappy with the situation as she noticed more transactions. Monzo said at that time they could not block these merchants as there were pending transactions and until they were fully processed, a block could not be placed. Miss T then asked to escalate the matter which Monzo did. They advised that blocks had not been placed but they immediately applied blocks to merchants A and B.

Monzo responded in full to Miss T's complaint and didn't uphold the matter explaining they correctly followed their procedures and, that their gambling block would not pick up merchants not registered as gambling companies.

Remaining unhappy, Miss T referred her complaint to our service. Our investigator made contact with Monzo, but after a prolonged period of time in which Monzo did not respond, made the decision to issue their view on the complaint with the limited information they had. In the view, they said that Monzo had not treated Miss T fairly and recommended Monzo refund all transactions taken by all three merchants.

Monzo then responded with information about the complaint. They gave more detail about the gambling block and about how merchants electronically register themselves, reiterating that only transactions from those registered as gambling merchants would be subject to the block. And as the three merchants in question were electronically registered as other merchant types, transactions would not be subject to the block.

Using the information Monzo had supplied, our investigator issued a second view in which they maintained Monzo had not acted fairly but came to a different conclusion in terms of

what they thought Monzo should do. Our investigator firstly discounted merchant C as it was established that Miss T had not mentioned blocking that specific merchant so did not find Monzo liable for transactions for this company. What they did recommend was that Monzo refund payments made to merchants A and B from the date of Miss T's chat conversation to the date the blocks were applied, plus 8% interest to be paid from transaction date to settlement date. In terms of reasoning for this amended view, our investigator acknowledged that whilst there were contradictory statements within the chat of Miss T's, Monzo did not probe and ask appropriate questions to ensure the correct blocks were added.

In response to this view, Monzo said that Miss T never asked for specific blocks to be applied but acknowledged they could have been more actively involved in the chat conversation. In order to resolve the complaint, Monzo offered to refund £410 of transactions debited by merchants A and B and agreed to the 8% interest proposal in our investigator's view. Miss T rejected the offer.

Our investigator then referred Miss T's case internally within our service, speaking to a specialist about Monzo's offer. They considered if Monzo had applied the blocks as they should have done, whether that would have stopped Miss T gambling. Evidence provided by Monzo shows that even after the blocks were applied, gambling did continue on the account through different merchants. This means that looking at the case as a customer service issue, and through the lens of other similar cases, a usual compensation payment is of around £150 with no refund of transactions. Accordingly, our investigator highlighted to Miss T that Monzo's offer seemed higher than a likely customer service award, and asked if Miss T was happy to accept it.

Miss T rejected this offer but put forward a different offer which involved Monzo paying off the lending she had with them, and closing her account.

Our investigator then issued a third view in which they said Monzo should pay Miss T £150 compensation for their failure to apply the blocks as discussed. Our investigator reiterated the facts of the case and their thoughts and also highlighted the gambling. Specifically, they said that even if Monzo applied the blocks to the merchants in question, Miss T continued to gamble using closely-named alternative merchants. And as discussed, there is evidence that shows that Miss T continued to gamble using other gambling merchants. They explained that they could not instruct Monzo to refund the gambling transactions made.

Miss T remained unhappy and asked for the complaint to be referred to an Ombudsman.

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 have looked at the information Monzo has supplied to see if it has acted within its terms and conditions and to see if it has treated Miss T fairly.

If I don't mention any specific point, it's not because I failed to take it on board and think about it, but because I don't think I need to comment on it to reach what I think is a fair and reasonable outcome. No discourtesy is intended by me in taking this approach.

Our investigator has gone through in detail how important it is for a merchant to electronically set themselves up accurately online, especially gambling merchants. I won't go over this information again but suffice to say, the information gambling merchants disclose is how Monzo is able to recognise them as such, and is what their blocks are reliant upon to work effectively. An important aspect of this complaint is the transactions involving merchants who Miss T has gambled with but were not registered as gambling companies and as we have established, it is the responsibility of individual companies to disclose the correct code, not Monzo.

One point that Miss T raised was why our investigator changed their view from initially asking Monzo to refund everything to eventually asking they not provide refunds. When the complaint was first referred to our service, our investigator only had very limited information with which to issue a view. The views then changed as they acquired the information they needed which is what I'd expect to see in such a case.

Another aspect I wanted to address was the chat conversation. In it, Monzo said they could block specific merchants, and asked Miss T if she would like them to block the merchants she was able to gamble through. In response, Miss T said 'blocks please'. However, when Monzo offered further gambling assistance such as account limits, spending blocks, blocking other accounts in her name, and information on organisations who can help, Miss T said 'no that's fine'. So whilst I can understand how these contradictory responses caused uncertainty, I agree with Monzo and our investigator that Monzo should have asked more questions in that chat. Accordingly, it's not in doubt that Monzo made an error which I'm glad they acknowledged, and attempted to resolve the issue.

Miss T has said in communication to our investigator that as Monzo did not apply the blocks she mentioned in her chat, this caused more gambling. However as I've already addressed, even after Monzo successfully applied the blocks, there is evidence of continued gambling.

Miss T also says that Monzo knew they were gambling transactions in view of what she calls their online check in. This is referring to an approach that Monzo made by chat in which they said they noticed gambling on the account and wanted to know if Miss T was 'alright and not gambling more that she would like to be'. But from the evidence I've seen, Monzo made this approach in response to Miss T directly raising multiple gambling disputes, rather than disputes with the merchants in question, so I can't consider this.

Also, Miss T has commented that if Monzo had 'done more', she wouldn't have continued to gamble but I've seen evidence of the various types of support that Monzo offered to Miss T which she declined, so I am satisfied they made sufficient efforts.

In terms of responsibility, I agree with the investigator that it cannot be assumed that had Monzo applied the block to these specific merchants when they had the opportunity to do so, that Miss T would have continued to gamble using other gambling merchants as is evidenced later in her statements. It would not be fair to hold Monzo responsible for refunding the transactions in question.

Regarding refunds and compensation, I'm aware that our investigator has said that Monzo should compensate Miss T £150 whilst there is also an historic offer from Monzo of a refund

of £410 with 8% simple interest which still exists. And to date, Miss T has not accepted either.

I can fully understand how frustrated Miss T would have felt with Monzo and taking into account all the circumstances, I agree with the investigator that the compensation payment of £150 is fair for solely the service failure. In terms of Monzo's financial offer, I regard this as fair in the circumstances.

My final decision

For the reasons I have given it is my final decision that the complaint is upheld. I require Monzo Bank Ltd to pay Miss T £410 as a refund of payments made to merchants A and B, plus apply 8% interest to be paid from transaction date to settlement date.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss T to accept or reject my decision before 11 September 2024.

Chris Blamires
Ombudsman