

## The complaint

Miss H complains that Starling Bank Limited allowed gambling transactions to debit from her account while she had a gambling block turned on and that it failed to take action when it could see her making repeated large transactions.

## What happened

Miss H has a current account with Starling and she turned on the gambling block for her account in August 2022. Despite the block being in place, Miss H was subsequently able to resume gambling activity via her Starling account, resulting in her losing significant amounts of money. She contacted Starling in May 2024 to advise the bank about concerns she had about her gambling.

Starling straightaway made a note on Miss H's account to record this information (with her consent) and signposted her to other sources of help, advice and support. It explained the transactions that had been allowed through her account were successful because the merchants she was sending the payments to weren't registered as gambling merchants. So the block hadn't identified these as payments that should be blocked. Starling explained the block only works on transactions if the retailer uses the merchant code for gambling transactions, and that didn't happen for the transactions Miss H had complained about. Whilst investigating Miss H's complaint, Starling found it was able to block one additional merchant and did so - but was unable to block any of the others.

Miss H remained unhappy with Starling, so she brought her complaint to us. Our Investigator looked into Miss H's complaint but didn't think it should be upheld.

The investigator said banks act on customers' payment instructions and he didn't think Starling had any general obligation to manually monitor customers' accounts for gambling as it was a legitimate activity.

He agreed that Starling's gambling block only worked on transactions where the gambling merchant code was used – and that had happened here.

Since Miss H had applied the gambling block on her account, there had been no transactions made to merchants registered as gambling merchants.

The investigator felt that Starling had explained why it couldn't block payments to most of the companies Miss H had gambled with. They were businesses that hadn't categorised themselves as being involved with gambling and there wasn't enough evidence for Starling to identify them as primarily being involved in gambling activity.

Our investigator concluded overall that he couldn't reasonably expect Starling to have done more to help Miss H avoid gambling with these companies and didn't recommend any further action.

As Miss H disagreed with our investigator, her complaint was passed to me for a final 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, I'm not upholding Miss H's complaint. I'll explain my reasoning below.

I appreciate how strongly Miss H S feels about this complaint and I sympathise with the situation that she found herself in. My approach to her complaint reflects the informal service we provide. My role is to consider the evidence presented by the parties and reach an independent, fair and reasonable decision based on the facts of the case and the evidence provided by both sides. I must take into account the relevant law, regulatory requirements and best industry practice when making my decision.

There is no general expectation or requirement for Starling to routinely monitor Miss H's account for gambling transactions and it's up to her to choose how she spends her money. Gambling is a lawful activity. So I wouldn't reasonably expect Starling to have systems in place to routinely regulate or limit how much or how often a customer uses the account to fund gambling activity – unless the customer specifically asks the bank to do this. And during the period Miss H complains about, she hadn't at that stage spoken to Starling about her concerns around her gambling.

I might expect Starling to become aware of a potential problem if a payment was flagged up for checking and it could see what might be problematic gambling activity. Miss H has mentioned that a pattern of large and frequent payments should have triggered some sort of fraud alarm – especially as she hadn't been using the account and some of the transactions were for payments in different currencies. She said this is what happened at a different bank. But looking at the Starling statements she's sent us, I don't think it would've had any particular reason for concern.

The fact alone that Miss H had applied the gambling block on her account wasn't enough of a reason on its own to prompt Starling to intervene in the way she operated her account for other reasons. There were no significant signs that Miss H's spending was causing her financial distress – she used her Starling account to process these payments but funded it from another account, so Starling had a very limited picture of her overall financial situation.

I've taken into account what Miss H has told us about her experience of the way a different bank flagged payments for checks and operated its security checks. But how businesses choose to operate and the services they offer are matters that come under the oversight of the regulator - the Financial Conduct Authority (FCA). For this reason I can't say more about the way Starling operates and its procedures.

It's agreed that Miss H had switched on the gambling block on her account via her banking app, and this had been in place since August 2022. So I can see that she wanted to take advantage of this form of support. But in order to uphold her complaint, I would need to find that Starling made an error or treated her unfairly, so this is the focus of my decision.

I've looked carefully at how Starling's gambling block worked and what was explained to Miss H when she turned it on.

Starling has explained that the gambling block only works when a specific merchant code is used to identify gambling transactions. This isn't unusual. But given the limitations in the way the gambling block works, I would expect this to have been made clear to Miss H.

I've seen a screenshots of the message Miss H would have seen when she turned on the gambling block. This explained there were circumstances where a gambling payment might still go through. Starling invited customers wanting to add a gambling block to a specific company to get in touch with Starling for this purpose. I've also seen the information that's available on Starling's webpages which makes clear that the gambling block stops gambling payments based on 'how the company identifies themselves'. And there are links there to further information and resources for those wanting help with problematic gambling.

Looked at overall, I'm satisfied Starling provided clear information about how the gambling block worked and what would happen if gambling transactions were authorised. I think it did enough to provide Miss H with the information she needed to understand the limitations of the block and the fact she would be liable for any gambling transactions that were authorised.

I'm satisfied the gambling block worked for transactions with the correct merchant code because Starling has confirmed that no payments with the gambling category were debited from Miss H's account whilst the block was in place. So, I've considered why the transactions complained about were able to go through.

Starling said that whilst one of the companies named by Miss H now comes up on searches as a gambling company, that wasn't the case in December 2022 and it relied on its categorisation at the time – which seems reasonable to me, even if it has since been updated. Other businesses Miss H particularly mentioned included an open bank payment provider, through which payments were routed, one was registered as an entertainment company and others included shopping and holiday booking merchants. None of these were shown as gambling companies. I am satisfied that if companies didn't use the merchant code for gambling transactions, irrespective of the gambling block being in place, Starling wasn't able to block those particular transactions. So it wasn't to blame for these transactions being allowed to proceed, despite the block Miss H had applied.

Miss H was clearly going through an especially difficult time when she found herself unable to stop falling back into out-of-control gambling. In situations like this, I would expect Starling to offer Miss H customer support and I am satisfied that when she made Starling aware of her worries about gambling, it took appropriate steps to support her.

After taking into account everything that Miss H and Starling have told me, I haven't seen enough to show that Starling did anything wrong or that it treated Miss H in a way that wasn't fair and reasonable.

So I can't uphold this complaint.

I am very sorry to hear about the circumstances Miss H is dealing with and I hope that even though this isn't the outcome she hoped for, setting things out as I've done helps explain how I've reached my conclusions.

### **My final decision**

My final decision is that I'm not upholding Miss H's complaint about Starling Bank Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss H to accept or reject my decision before 25 October 2024.

Susan Webb

**Ombudsman**