

## **The complaint**

Mr S has complained that Monzo Bank Ltd failed to block gambling transactions from leaving his account despite having a gambling block in place at the time.

## **Background**

Mr S has a bank account with Monzo. He has explained that he has a compulsive spending problem which can result in him gambling in a harmful way. As a result, he had placed a gambling block on his Monzo account to prevent him from gambling. However, in May 2023, while experiencing a period of extreme ill health and family stress, Mr S relapsed and gambled approximately £15,000 through his Monzo account. He subsequently raised chargeback requests on the gambling transactions, but these were unsuccessful. He's complained that the transactions were approved despite him being registered with GAMSTOP and having a gambling block in place at the time. He's asked that Monzo refund the gambling transactions he made.

Monzo has explained that gambling transactions aren't covered by the rules for chargeback requests which is why it wasn't able to request refunds for Mr S via that method. It has also explained that the websites he gambled on didn't use the correct Merchant Categorisation Codes ("MCCs") which is why the transactions weren't successfully blocked. It says this is down to the websites themselves and not the result of any failing by the bank. It did acknowledge that there had been some failings in how it had responded to Mr S' complaint initially and so offered him £25 compensation in its final response letter to him. Following Mr S bringing his complaint to our service Monzo offered him an additional £50 compensation as it realised the final response letter didn't address all of his concerns in full.

One of our investigators looked into Mr S' complaint already. She found that offer made by Monzo was reasonable and agreed it wasn't possible for him to get a refund on the transactions via a chargeback claim. She also agreed that the reason why the gambling block hadn't stopped the transactions was because of the MCCs used by the online casinos and not because of a mistake made by Monzo. So, she thought the offer of compensation made by the bank in recognition of the error in the final response letter was enough and that it didn't need to refund any of the gambling transactions.

Mr S disagreed with the investigator's findings and asked for an ombudsman to review his complaint and so it's been passed to me for consideration.

## **My findings**

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 agree with the findings reached by our investigator and think the offer of compensation made by Monzo is reasonable so won't be asking it to do anymore in relation to Mr S' complaint. I know this will come as an enormous disappointment to him, so I've set out my reasons below.

There are essentially two elements to Mr S' complaint, the first relates to his request for chargeback refunds on the gambling transactions he made in May 2023, and the second relates to Monzo's gambling block and why it didn't prevent those transactions from going through.

In relation to the chargeback requests, both Monzo and our investigator has explained that not all transactions are eligible for chargeback refunds. The types of transactions that will be considered are set out by the Mastercard chargeback rules. Generally, people rely on chargebacks in situations where they've paid for goods or services and not received them, where goods are faulty, where a payment has been accidentally taken more than once, or a refund is due but not received. The rules of the scheme state that gambling transactions aren't covered and aren't eligible for refunds in this way. This means that Monzo was unable to request a chargeback refund from the gambling merchants Mr S used. As the scheme is outside of Monzo's control I can't say that the bank did anything wrong when it was unable to provide Mr S with a chargeback refund on the transactions. So, I can't uphold his complaint on that basis.

The second part of Mr S' complaint relates to the gambling block that was placed on his account and why it didn't stop him from gambling in May 2023. Gambling blocks work by identifying MCCs, codes used by retailers that identify what sort of goods or services are being purchased. There is a specific and unique code for gambling transactions and when a block is placed on an account it works by identifying the code and then blocking the payment. These blocks can be quite useful, but they are dependent on the gambling merchant, or website, using the correct MCC to identify itself.

Monzo has provided evidence that shows the websites Mr S was using didn't have the correct MCCs in place and so weren't identifiable as gambling websites. This means that the block didn't work as it would have if the websites had been using the correct codes. While this has resulted in extreme harm to Mr S and his family, I can't say this is the result of any error on the part of Monzo. The blocks are imperfect tools and unfortunately there are many gambling websites that misidentify themselves in this way to circumvent blocks such as the one Monzo offers. But it would be unreasonable to hold Monzo responsible for the gambling website not using the correct MCC. Which means I can't uphold Mr S' complaint on this point either.

Monzo has admitted that there were issues with the final response letter that was issued to Mr S in August last year following his complaints. It has acknowledged that although he had been in contact with its vulnerable consumer team and had discussed his gambling concerns in depth with them, this wasn't reflected in the letter. It has offered £50 in recognition of this omission. I think that is fair, as I'm satisfied that Monzo had offered and put reasonable support in place for Mr S by the time it sent the letter to Mr S, but just failed to acknowledge what had been agreed in it. As I think the offer made by Monzo in relation to this was fair I'm not asking it to do anything else in relation to that error.

I want to acknowledge the extreme distress Mr S has experienced and thank him for his honesty. I appreciate how difficult this has been for him and the outcome of this decision is in no way meant to minimise the enormous impact of what happened last year has had on him or his family. However, I don't think Monzo was responsible for any of the harm that Mr S suffered and so I can't uphold his complaint against it. But I do hope that he is receiving the help and support that he needs.

### **Putting things right**

As stated above I think the offer of £50 in relation to the error in the letter sent to Mr S in August 2023 is reasonable. If Monzo hasn't already paid this to Mr S it should arrange to do

so as soon as possible.

**My final decision**

For the reasons set out above I'm satisfied the offer made by Monzo Bank Ltd is reasonable and I'm not upholding Mr S' complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 29 November 2024.

Karen Hanlon  
**Ombudsman**