

The complaint

Mr A complains that Lloyds Bank plc didn't do enough to support him when he spent large amounts of money to fund a gambling habit.

What happened

Mr A opened a basic cash account with Lloyds in 2012. Around July 2019, he started using the account for gambling. His salary wasn't paid in, so he regularly transferred funds in from another account and deposited any winnings he received. Mr A says that in the space of about a year, he spent over £40,000 on gambling.

Mr A first complained to Lloyds around April 2020 (using an online complaint form). When logging his complaint, Lloyds noted that Mr A said he had a gambling addiction. He also mentioned that he'd been able to put a gambling block on another of his accounts with a different bank, *"so to avoid this, I transferred funds into this account"*. He said that despite the significant amount he'd spent, and the fact that his salary wasn't paid into the account, there had been no intervention from Lloyds. For instance, Mr A thought Lloyds should have asked him where the funds he was transferring in were coming from. Mr A told Lloyds that he was suffering from depression and mental health issues as a result of his addiction and felt it had acted irresponsibly. He said he wanted to be compensated appropriately and for Lloyds to close his account.

Over the following few months, Mr A was in fairly regular contact with Lloyds through a series of web chats. Amongst the things discussed were:

- Mr A asking if his complaint had been received. He said he'd been able to spend *"several 10s thousand pounds in gambling"* and was considering taking legal action if he wasn't refunded a large percentage of the amount he'd spent;
- Mr A said that even though he'd asked Lloyds to close his account, he'd still been allowed to *"funnel"* thousands of pounds through it for gambling. Mr A said *"why am I not being taken seriously"*;
- Mr A said he found it *"shocking"* that his account remained open despite his request for it to be closed;
- Mr A asked what the options were if his complaint wasn't resolved soon. He added *"I need help here"*.
- Lloyds got in touch with Mr A in early June 2020 and said it couldn't offer solutions to resolving his complaint at that point (as it was still considering it). But it told him about the various tools it had available to support customers such as freezing gambling payments, which could easily be switched on by the customer using the app. Lloyds gave Mr A instructions on how to set it up and said, once activated, it then took 48 hours to unfreeze the card. In addition to that, it said he was entitled to three months free use of Gamban – an effective tool blocking access to thousands of gambling sites.
- Lloyds responded to Mr A's complaint shortly after (around which time it froze Mr A's card for gambling transactions). It didn't uphold his complaint. It said Mr A hadn't told it about his gambling addiction before April 2020 and it felt there was a partial

responsibility on the customer to manage their finances and bring any concerns to the bank's attention, so it could consider how to help. Lloyds said that since it had become aware, it had placed a gambling freeze on Mr A's account card (although it later noted that Mr A had removed it). And it told him that if he wanted to close the account, he could go into a branch or phone to arrange that. It suggested Mr A might want to contact its customer support unit if he needed help managing his finances and also gave him the details of various charities and advisory services some of which specialised in debt support.

In response to further contact from Mr A, Lloyds again said he could set up card controls via the mobile app and ask the branch to apply a 'strict flag' (which would kick in if he applied for credit).

Mr A again contacted Lloyds via its chat service during September 2020. He asked why he was able to remove the gambling freeze when he'd asked Lloyds for a hard block on his account. He said Lloyds had to take ownership of the situation. Lloyds responded that it couldn't put an irremovable block on the card and any freeze that Mr A put on his account could be removed at a later date. It again referred to some of the other support that was available, including through external organisations.

In an online chat shortly after, Mr A said *"what about the hard block, not the 48 hour one...the card freeze doesn't work If I can just take it off...I want to get a block on this for good or close the account. I was told the block had been applied"*.

Lloyds responded that it didn't have the facility to stop all gambling transactions entirely apart from the card freeze (which it accepted wasn't ideal). However, it added that through the online tool with Gamban, Mr A would be able to block access to gambling sites. And if he were to add this as well as the card freeze, *"it would be an extra layer to stop the card being used for gambling"*.

Mr A wasn't happy with Lloyds response, so he complained to us around the same time raising similar issues. He said he felt Lloyds had a total disregard for his health and financial situation.

One of our investigators looked into the complaint. He said he didn't think Lloyds could be expected to control how Mr A spent the money he had access to, or monitor his account in the way he expected, particularly before it was alerted to a problem. And whilst the investigator thought there had been a delay in dealing with Mr A's complaint due to the global pandemic (and Mr A had continued to spend further amounts on gambling in the meantime) he was satisfied that once it looked into things, Lloyds placed a gambling freeze on the account and told Mr A how to apply such a freeze himself. The investigator also noted that Lloyds had referred Mr A to several external organisations for help. So, he felt that Lloyds had acted reasonably and in line with the tools it had available. However, the investigator also noted that Mr A had apparently added and removed the gambling freeze on several occasions. Overall, he felt Lloyds had acted reasonably and he didn't think it could do much more. Mr A wasn't happy with the investigator's assessment, so he asked for an ombudsman to review his complaint afresh. It's now been passed 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'm really sorry to hear about the incredibly difficult position Mr A's in. And I can appreciate why he says it's had a considerable impact on his health and wellbeing.

It might help to say at the outset that there's a general expectation on financial businesses to support customers who may be experiencing financial difficulty. But that's largely dependent on what the business knows about the customer's circumstances.

There's no evidence of Mr A telling Lloyds about his gambling addiction before about April 2020. And, whilst I appreciate why Mr A was perhaps expecting immediate action from Lloyds once he'd highlighted the problem, I think Lloyds was entitled to look into things once it became aware of it and Mr A's complaint. But that said, before giving him its formal complaint response, I can see Lloyds told Mr A about its online app, which enabled him to put a gambling freeze on his account in the meantime. And it told him about an additional safeguard, which was using the Gamban online tool to block access to gambling websites. That response seemed reasonable to me.

In any event, Mr A seems to think Lloyds should have been monitoring his account to the extent that it should already have been aware of his gambling problems and stepped in sooner. Given the number of customers it has, I don't think it would be feasible for Lloyds to manually monitor Mr A's account in the way he perhaps expected. And even if it had been and noticed that Mr A was gambling heavily, I wouldn't automatically expect Lloyds to have contacted Mr A about it if he hadn't himself identified it as a concern. And from what Mr A's said and what his bank statements show, he was using his own money to fund his gambling by transferring in funds from another account. Whilst I appreciate Mr A's comments about the extreme financial difficulties his gambling has caused, I can see that his Lloyds account was mostly in credit, or with a nil balance at certain points until further sums were deposited. I've seen nothing in the information Lloyds had to suggest that Mr A was relying on credit to support his gambling either. And, as Mr A wasn't paying in a salary, he was only able to spend if he actively transferred in money from elsewhere.

That's not to say that Lloyds shouldn't have been generally monitoring Mr A's account. And just like many other banks, it uses technology to spot signs of potentially unusual or fraudulent activity. So, I thought about whether the frequency and amount of deposits that Mr A was making to his Lloyds account should have triggered some form of alert. Mr A goes as far as suggesting that Lloyds was in breach of his account terms by not asking him where the amounts deposited were coming from. Lloyds said that as the payments were coming in from a recognised source - another of Mr A's bank accounts - that wouldn't necessarily have triggered an alert. Having thought about it, I didn't find Lloyds' response unreasonable in these particular circumstances.

There are other account terms such as those saying Lloyds might take action if it suspects fraudulent or unusual activity. But, for the reasons I've already set out, I don't think Lloyds had any reason to think that was the case here. The account terms also say that Lloyds might decide to close an account if, for instance, it thinks it's being run in a way that breaks a legal requirement. From the evidence I've seen, I don't think there was any reason for Lloyds to think that was the case either. Given all of this, I'm not persuaded that Lloyds should have stepped in sooner simply because Mr A was using his account funds to pay for gambling transactions.

It seems to me that Mr A's expectations of Lloyds, to some extent, stemmed from his experiences of the systems and procedures used by other banks in similar situations. It's not for me to tell Lloyds which systems it should use. Nor would it be fair of me to say that Lloyds acted unfairly or unreasonably simply because it didn't do what another bank might have done in similar circumstances. But I can say whether Lloyds actions seemed reasonable in light of what it knew and the tools it had available.

Having already told Mr A about its gambling freeze and Gamban's online tool, Lloyds set up a gambling freeze on Mr A's account around the time that it responded to his complaint. It also told Mr A about other card controls, which again, could be managed by the customer using the app. I fully appreciate Mr A's later point that a gambling freeze such as the one Lloyds used wasn't suitable for him – as he could simply choose to switch it on and off when he wanted to. Lloyds recognised that too. And the evidence suggests that's what Mr A did. But the fact that Lloyds may not have been able to put in place the kind of restriction Mr A was expecting doesn't mean it acted unfairly or unreasonably.

Mr A seems to think that Lloyds agreed to put a 'hard block' on his account and then delayed in doing so until about November 2020. From the evidence I've seen, I'm not persuaded that's what happened. I've seen nothing to suggest Lloyds could put in place a 'hard block' of the kind Mr A might have been used to from other banks. From what I can tell, most of the tools available to Lloyds appear to be customer led. That is tools that customers could opt to switch on and off in order to restrict certain transactions, (such as when overseas) and one of those tools was the dedicated gambling freeze. And whilst I can appreciate why Mr A wanted something more restrictive, it seems unlikely Lloyds would promise to put a 'hard block' on when that doesn't appear to be an available option. It may be that Mr A is referring to the 'strict flag' that Lloyds told him about. But that's a tool used when the customer applies for credit and, as I understand it, is intended to delay any subsequent lending decisions. Mr A didn't apply for credit, so I don't think that was a suitable tool in his particular case. But, given the name, it might explain why Mr A was expecting Lloyds to do more than it did. I can see that Mr A appears to have experienced some difficulty when trying to use his card around November 2020. So, I can see why he might have thought Lloyds "*finally did what was needed*" (in terms of blocking the card fully to prevent him from gambling). But that doesn't appear to have been the reason. I can see Lloyds initially told him there was a problem because he'd tried to use an old card and it then said transactions had been blocked due to a card freeze. I appreciate though that Mr A says his app wasn't showing that a freeze was in place at that point. But, given everything I've said, I think it's the more likely explanation for why certain transactions were restricted as opposed to Lloyds having eventually put a 'hard block' on the account when that wasn't something it could do. And Mr A's more recent bank statements show further signs of gambling. That doesn't seem possible if there was a 'hard block' on his account.

Given the serious problems he's described, I can fully understand why Mr A expected Lloyds to do more to restrict his account. But I also need to keep in mind that, as early as June 2020, Lloyds told him he could phone or call into a branch to ask for his account to be closed. This seemed to me to be the kind of restriction that probably would have helped Mr A. And, as he wasn't using the account to pay in a salary or pay bills (and was using it solely for gambling) there wasn't anything preventing the account from being closed. But there's no evidence of Mr A having phoned or called into a branch to ask for his account to be closed. And the account terms make clear that the customer would need to make that kind of request, or could also do so in writing. I realise Mr A seems to think this is something that should have happened automatically as soon as Lloyds was aware of his gambling problems. But I'm not inclined to agree. Earlier on, I set out some of the circumstances in which Lloyds might close an account, but those don't apply here. So, in these particular circumstances, I didn't find Lloyds request unreasonable, particularly given what the account terms say. And as Mr A didn't write; phone; or visit a branch, it follows that I don't think it would be fair to say Lloyds is responsible for Mr A's continued spending on gambling whilst his account remains open.

Having thought very carefully about Mr A's case, and whilst no doubt disappointing news for him, I don't think Lloyds did anything wrong. And whilst I don't under-estimate how difficult things are for Mr A, I can't fairly say that Lloyds was responsible for the amount of money he spent on gambling and the additional financial difficulties that caused. Mr A may wish to seek support from one of the external organisations Lloyds mentioned, or (if he hasn't since done so) contact Lloyds in one of the ways suggested to ask it to close his account.

My final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 18 November 2021.

Amanda Scott
Ombudsman