

The complaint

Mr F complains that Monzo Bank Ltd failed to block gambling transactions on his account.

What happened

Mr F says he had asked Monzo to block gambling transactions from his account but says he was able to make numerous gambling transactions in 2021. He says he spent about £16,000 which has caused financial difficulties. Mr F accepts he must take some responsibility for the payments but says so should Monzo. He says its systems are not fit for purpose and says he wasn't treated fairly by it. Mr F would like some of the payments refunded and says the merchants involved may be committing fraud.

Monzo says it can only block gambling payments to merchants that use the correct Merchant Category Code (MCC) and says the payments Mr F made were to merchants that didn't use gambling codes. It says it makes clear when the gambling restriction is activated that it will try and block a payment, but a payment may go through which a customer is liable for. Monzo says Mr F didn't report to it the merchants he made payments to which would have allowed it to block those payments. It accepts it took too long to respond to Mr F and has paid £80 compensation.

Mr F brought his complaint to us and questioned if a chargeback ought to have been raised. Our investigator didn't uphold the complaint. The investigator thought the merchants Mr F made payments to didn't use gambling MCC's but codes for example a music shop. And thought Monzo made clear when the gambling restriction was applied that some payments may be authorised which a customer is responsible for. The investigator explained that we are not Monzo's regulator and so not our role to order it to change its procedures or punish it. The investigator didn't think Monzo ought to have raised a chargeback as Mr F received the service he paid for.

Mr F doesn't accept that view and questions if Monzo did tell him about the possibility of some transactions not being blocked and questions why he was able to make so many transactions in these circumstances.

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 done so I have come to the overall view that I don't uphold this complaint. I also make clear to Mr F, as the investigator has done, that we are not Monzo's regulator. So, I can't direct Monzo to change the way in which it operates about such matters or direct that it uses a different system of identifying a merchant as a gambling business. I am sure Mr F appreciates why a merchant may choose to identify itself as for example a music shop, and that is not something, I can fairly hold Monzo responsible for.

I have looked carefully at the information Monzo provides its customers when a gambling restriction facility is activated on an account. I have no reason to think that the message has

changed or wasn't visible to Mr F when he activated that facility on his account. I'm satisfied that Monza makes clear that not all transactions may be blocked and that a customer is liable for them. And I find that is what took place here that Mr F made payments to merchants that didn't use MCC's for gambling which meant the payments were not blocked. I can't fairly hold Monza responsible for that and am satisfied that it wouldn't have known the nature of the merchants activity unless told by its customers.

I appreciate that Mr F says a customer wouldn't know which MCC was used or if a merchant was using a non-gambling MCC. But I'm satisfied that neither would Monza know that. I also think that Mr F could have told Monza to block the merchants he was making payments to or tell Monza that the merchants were actually gambling businesses.

I also appreciate Mr F says that a chargeback ought to have been made if the wrong codes are being used and that amounts to fraud. I make clear to Mr F that it would be for the police to investigate an allegation of fraud. And I'm satisfied that a chargeback wouldn't have succeeded as Mr F paid for a product he received.

Overall, I appreciate Mr F's frustration and appreciate that he added the block to prevent this sort of situation. But that doesn't mean I can fairly hold Monza responsible for what took place and am satisfied that it fairly explained, when the block was applied, that there were limitations to it. I hope Mr F appreciates that I can't fairly hold Monza responsible for the activities of merchants if they have deliberately used MCC's designed to thwart such account blocks.

I appreciate this complaint is mainly about the gambling block but make clear I'm satisfied the compensation for the delay was fair and reasonable. And I can't see that Monza made a mistake by allowing numerous payments to the same merchants as Mr F made and authorised them.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F to accept or reject my decision before 6 September 2022.

David Singh
Ombudsman