

## **The complaint**

Mr and Mrs H complain that Bank of Scotland plc ("*BOS*") removed a block on gambling transactions from Mr H's debit card without notice. They also complain that the block had failed to stop every gambling transaction made prior to that.

## **What happened**

In response to this complaint, BOS said that this sort of block would have continued if the debit card had been renewed. The issue here was that the card was replaced after a fraud incident. BOS's terms and conditions for the account and card explain that the block is removed in that case and it's for the customer to replace it.

BOS said they appreciated Mr H hadn't been told the block was going to be removed. But they said they weren't required to tell customers that. They did though pay £25 to Mr H, to recognise the inconvenience he'd experienced.

Mr H brought the complaint to us. Our investigator noticed that Mr H had been able to make gambling purchases with his card prior to the block being removed in January 2021. So she concluded that even if BOS had told Mr H the block was being removed, it wouldn't have changed his ability to spend money on gambling.

Our investigator also looked into why Mr H was able to make gambling transactions when there was a block on the card. She explained that the block worked by stopping certain merchant codes – set by the card issuer depending on the merchant's declared business. The transactions that hadn't been stopped didn't appear to be with merchants whose codes matched the gambling codes blocked by BOS.

Mr H didn't accept that outcome. He felt it was unfair for merchants to provide a gambling service and then not have a gambling merchant code. He felt BOS should have returned his money as the service from the merchants wasn't being provided as advertised.

Unresolved, the complaint's come 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 done so, I've decided not to uphold this complaint. I appreciate that'll be disappointing for Mr and Mrs H. But I agree with our investigator that the spending here doesn't directly link to a failing by BOS.

I do feel BOS should consider again their view that they're not required to tell a customer that a block is being removed from their card. I don't think that process would be obvious to a customer when they receive a replacement card as part of a fraud incident. Without some warning, I think most people would be surprised when that happens, and wouldn't realise they needed to do something to reinstate the block.

That could cause significant problems – particularly for customers made more vulnerable by a gambling addiction – where the block was being relied on to help manage spending on gambling.

But the absence of that block alone isn't what has caused the spending on gambling here. In 2020 – when the block was present – Mr H looks to have spent more on gambling and similar transactions than he did after the block was removed in 2021.

I take on board Mr H's point that he would have thought the block would stop all gambling and related transactions. But I accept that the process used is more limited than that. Merchants may have a primary business that isn't gambling related, giving them a merchant code that's not blocked by BOS.

For example, in July 2020 Mr H spent a large amount of money with an electronic money provider. That's then gone on to fund a gambling service. The merchant code seen by BOS wouldn't reflect the onward transaction – just the purchase of the electronic money.

In that way, these aren't transactions where the service provided isn't as advertised. It's more that the behind-the-scenes technical details of it aren't immediately obvious to a customer. I don't agree with Mr H that this should then form grounds for a dispute along false advertising grounds.

In a similar way, some of the transactions in 2020 and 2021 aren't technically gambling as caught by the block. In both 2020 and 2021, Mr H spent a lot of money with a company that offers high risk trading services. It's similar to gambling, in that a customer's money is put at risk to try to achieve a gain. But it's not entirely based on chance. So it's different to gambling, and doesn't operate under the same merchant codes.

In any case, BOS aren't responsible for setting the merchant codes. It's done by the card network and the individual merchants. So I'm not going to say BOS should be responsible for Mr H being able to gamble as a result of the merchant not having a gambling code.

I've thought generally though about whether the activity on Mr and Mrs H's account should have raised concerns for BOS. I can see Mr H spent a large amount of money on gambling or similar transactions over the years.

But I think it's significant that Mr H has been spending his own money, as opposed to using excessive borrowing. That limits how much I'd expect BOS to question whether the activity was affordable or sustainable for Mr and Mrs H.

And I see no record of Mr H's gambling issues being raised with BOS. I appreciate there must have been some awareness for BOS to have put the block on the card in the first place. But I accept their position that having no record could reflect that they didn't have permission to record that Mr H had a gambling problem.

Without a specific record of that, I can understand why BOS didn't raise concerns when the account showed significant amounts of money being spent each month on gambling or similar transactions.

All of which leads me to conclude that the gambling transactions aren't a direct result of a failing by BOS. So I'm not going to say they should be responsible for putting things right for Mr and Mrs H in this case.

**My final decision**

I've decided not to uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H and Mrs H to accept or reject my decision before 31 August 2022.

Paul Mellor  
**Ombudsman**