

The complaint

Mr M is unhappy that Monzo Bank Ltd didn't do more to help stop him losing money to gambling via payments made from his current account.

What happened

The circumstances that led to this complaint are well known to both parties, so I won't repeat them in detail here. But, in summary:

- Mr M has a gambling disorder and is unhappy that he's been able to circumvent Monzo's gambling-prevention blocks. He thinks Monzo should do more to help customers, like him, who are unable to stop gambling and have no other means of support. And, if Monzo had done more when he sought help in September 2021, he wouldn't have lost £4,500 to gambling between November and December 2022. So he's asked the bank to refund this money.
- Monzo refused to refund Mr M's losses. It said the gambling block had prevented some transactions from going through. But some merchants processed Mr M's payments using non-gambling merchant codes which prevented it from identifying and blocking them. Mr M didn't accept the bank's response and asked us to look into the matter.
- Our investigator didn't think Monzo had done anything wrong in allowing the disputed payments to go through. And they thought the bank had offered Mr M appropriate support relating to his gambling disorder. Mr M disagreed, so the complaint has come to me.

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, and while I appreciate this will come as a disappointment to Mr M, I've reached the same outcome as the investigator for much the same reasons.

I first want to acknowledge and thank Mr M for being so open, with both this service and the bank, about his gambling disorder. It can be far more difficult to provide appropriate, tailored support if the consumer isn't (or, for whatever reason, feels they can't be) open and honest about the unfortunate situation they've found themselves in.

Mr M brought a previous complaint to this service about the support Monzo offered when he contacted it in September 2021 about his disorder, after he'd lost £400 to gambling. In July 2022, the investigator concluded that Monzo ought to have done more and encouraged it to get in touch with Mr M to explore what further support he needed at that stage. But Mr M remains unhappy with the service he's received overall. He says the losses he suffered between November and December 2022 occurred because Monzo hadn't warned him about the limitations of the gambling block and because the block doesn't go far enough to protect consumers from gambling-related harm.

I appreciate Mr M's strength of feeling and I won't be revisiting the conclusions we reached on his previous complaint. But I would note Monzo's records show that, as far back as December 2020, Mr M was aware the gambling block couldn't prevent all payments to gambling websites. He'd contacted the bank then because a gambling payment had been processed and, at that point, the bank told Mr M how the gambling block worked as well as that some merchants find a way around it. I can also see that Monzo explains on its website how the gambling block works, with reference to MCCs.

To be clear, gambling blocks like Monzo's work by identifying the merchant category code ("MCC") that has been applied to the merchant/retailer. And some merchants have multiple codes to account for the different types of products and services they offer. There is a specific MCC that gambling merchants (including those offering their services online) are supposed to use when processing card payments. But if a gambling merchant doesn't use the correct code then the gambling block won't work.

Unfortunately, this limitation is something that impacts all gambling blocks, across all the financial institutions that offer them, and isn't unique to Monzo. The merchants who use non-gambling MCCs tend to do so precisely because it allows their customers to circumvent MCC-based gambling blocks. And I don't think, as Mr M suggests, it's proportionate to expect Monzo to search the entire internet on a regular basis to try and find gambling merchants who are processing payments using non-gambling MCCs.

I also note that, at times, it seems Mr M has managed to gamble by sending money from his Monzo account to e-money institutions, or payment gateways, before sending it on to a gambling website. So I think it's possible that Mr M would still have found a way to gamble his money even if Monzo had blocked other merchants.

What I'm pleased to see is that:

- Monzo has, on more than one occasion, identified and blocked payments that Mr M has authorised to gambling websites which have used the correct gambling MCC.
- Monzo offers the facility for individual consumers to block certain merchants by name and it has done so on at least one occasion for Mr M after he told the bank a merchant was actually a gambling operator.
- Mr M has proactively got in touch with Monzo on a number of occasions in an attempt to limit his exposure to gambling. In-app chats have taken place about limiting his overdraft facility, bank transfers and ATM withdrawals. I think, on most occasions, Monzo has replied in a timely and sensitive manner and enquired how else it can support him. But, on more than one occasion, Mr M told the bank that he didn't need further assistance because he was receiving sufficient support from elsewhere.

In all the circumstances, I can't fairly conclude it's Monzo's fault that Mr M found a way to gamble through his current account. I appreciate Mr M has a disorder and this type of addiction will drive individuals to behave in ways that are harmful to themselves. But I can't hold Monzo responsible for unscrupulous gambling merchants who deliberately miscategorise their MCCs in a way that allows them to prey on vulnerable people like Mr M.

With all of the above in mind, I can't fairly instruct Monzo to refund any of the money Mr M has spent on gambling or make any other award of compensation.

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 M to accept or reject my decision before 28 September 2023.

Ruth Hersey
Ombudsman