

## The complaint

Mrs L complains that Zopa Bank Limited approved gambling transactions from her credit card.

## What happened

Mrs L opened a credit card with Zopa in 2021. Mrs L has explained that since that time she has used her credit card for gambling purposes in addition to regular spending.

Earlier this year, Mrs L contacted Zopa and attempted to raise a claim to recover the gambling payments she'd made from her credit card. But Zopa said Mrs L's transactions didn't meet the requirements for chargeback claims and didn't offer to refund her payments. Mrs L raised a complaint and Zopa issued a final response on 22 March 2023.

Zopa's final response didn't uphold Mrs L's complaint. An investigator at this service looked at Mrs L's case. They thought Zopa had dealt with Mrs L's case fairly and didn't ask it to do anything else. Mrs L asked to appeal and said the gambling transactions had all been processed by merchants abroad. Mrs L added that she'd had to borrow money as a result of gambling and that she was in a debt management plan. As Mrs L asked to appeal her complaint has been passed to me to make a 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.

I'm aware I've summarised the events surrounding this complaint in less detail than the parties involved. No courtesy is intended by my approach which reflects the informal nature of this service. I want to assure all parties I've read and considered everything on file. I'm satisfied I don't need to comment on every point raised to fairly reach my decision. And if I don't comment on something, it's not because I haven't considered it. It's because I've focused on what I think are the key issues. My approach is in line with the rules we operate under.

In its final response, Zopa explained that Mrs L's claims didn't meet the requirements for a successful chargeback recovery. I understand why Mrs L wants Zopa to consider a refund. But the chargeback process is run by the relevant card schemes, not Zopa. For a successful chargeback claim to be made, it would need to meet the scheme rules. In Mrs L's live chat with Zopa, she confirmed the transactions were all approved by her. Whilst I understand Zopa's decision may feel unfair to Mrs L, I'm satisfied that it's unlikely a chargeback claim made on the basis that the payments she authorised would be successful. I haven't been persuaded that Zopa made a mistake or acted unfairly by declining to take the chargeback claims further.

Mrs L has pointed to regulations that banned gambling companies from accepting credit card payments. But the rules apply to the gambling businesses. So, I've focused on the controls Zopa had in place to check whether credit cards are being used for gambling purposes.

I recently contacted Zopa and asked it to supply confirmation of the Merchant Category Codes used to approve payments Mrs L made to the businesses in question. A Merchant Category Code is the code a merchant uses when processing a credit card payment that classifies what it's for.

I can confirm that none of the payments Mrs L made were categorised as gambling by the businesses when claiming them. Various Merchant Category Codes were used including furniture/furnishings, video games arcades, marketplaces, travel agency operators and electronics stores. I appreciate the codes the merchants used may not have reflected the nature of the services provided as Mrs L's told us she was gambling. But I'm satisfied the information given to Zopa didn't include Merchant Category Codes that would've shown Mrs L's credit card was being used for gambling.

In response to the investigator, Mrs L said that whilst other Merchant Category Codes were used, Zopa should've been aware as she was paying overseas businesses. But there's nothing stopping Mrs L using her credit card to pay businesses outside the UK. And it's the Merchant Category Code that shows Zopa what a business is requesting a credit card payment for. So, whilst I understand Mrs L was paying overseas businesses, I haven't been persuaded that was sufficient to show Zopa she was using her credit card for gambling.

As Zopa wasn't aware that the payments Mrs L has raised were being debited for gambling purposes, I'm unable to agree it acted unfairly or made a mistake when approving them. And, for the reasons I've given above, I'm satisfied Zopa fairly declined Mrs L's chargeback claims. I'm sorry to disappoint Mrs L but as I'm satisfied Zopa dealt with her complaint fairly I'm not telling it to take any further action.

### **My final decision**

My decision is that I don't uphold Mrs L's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs L to accept or reject my decision before 15 November 2023.

Marco Manente  
**Ombudsman**