

The complaint

Mr D has complained that he was able to make gambling transactions through his Starling Bank Limited ("Starling") account despite having a gambling block in place.

What happened

In November 2022, Mr D contacted Starling to say that despite having applied its gambling block to his account, he was still able to gamble by transferring funds through a third-party payment provider.

Starling responded to Mr D's complaint and explained that while the block could be useful unfortunately it wasn't guaranteed to work especially when transferring funds to a third party before transferring funds on to a gambling website.

Following this, in December 2022 Mr D contacted Starling again to say that he was still gambling and he asked for a specific third party payment provider to be blocked on his account. He explained that he had mental health issues and had issues with gambling and would like Starling to refund the money he had lost to gambling websites. He also asked for further support from Starling. Starling explained that it could not block the website in question and as it was not a gambling website the block would not work for that website. It also referred him to a specialist team who contacted him in January 2023 and provided contact details for places where Mr D could seek further help.

Unhappy with Starling's response, Mr D brought his complaint to our service. One of our investigators looked into the complaint for him. She found that Starling had applied the block properly and she didn't think Starling was responsible for the losses Mr D incurred, so she didn't uphold his complaint.

Mr D remained dissatisfied and asked for an ombudsman to review his complaint again and so it has been passed to me to consider.

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 agree with the outcome reached by our investigator and for much the same reasons.

I appreciate that this is a very difficult situation for Mr D and I want to thank him for being so honest in his submissions. When a consumer discloses a vulnerability to a business, as Mr D has done, we expect that business to treat them fairly and provide them with tailored support.

Mr D was able to use his Starling account to gamble despite the block being added to the account. Starling has explained why this has happened, but I will repeat the explanation here as I agree it is correct.

Gambling blocks work by identifying the merchant category code ("MCC") the retailer has applied to it. Different types of retailers have different codes, and there is a specific one that gambling websites are supposed to use. If a gambling merchant doesn't apply the correct code, things like gambling blocks won't work. This is because the algorithm that the block relies on is designed to identify the gambling MCC and not any others. So, if a different code is used, the algorithm won't pick up on it and the transaction will complete as normal.

In this instance the merchant in question was not a gambling website and therefore the gambling block would not work as the MCC would not be one that related to gambling. Also as the transactions in question were not card payments the block would not work.

Unfortunately, this is an issue that impacts gambling blocks, across the financial institutions that offer them, and is not unique to Starling.

So, I can't safely say that it's Starling's fault that Mr D was able gamble through his account. This is because Mr D has confirmed that he used a third-party payment provider. I appreciate that Mr D has issues with gambling. I'm not satisfied that there was a failing on the part of Starling, I don't think it would be reasonable to direct them to refund the money spent to the third-party provider.

I note that Mr D has explained that it was not clear what would and wouldn't be blocked. But from what I can see Starling made it clear in its banking app that the block would only block card payments to gambling websites and would not work in all situations.

The next thing I want to address is how Starling responded once it became aware of Mr D's situation. As mentioned above businesses are obliged to offer useful and tailored support to vulnerable consumers when they become aware of their vulnerability. When Mr D contacted Starling to explain he had issues with gambling and he had mental health issues, and had been gambling despite the block being on his account, Starling replied by explaining why the block hadn't worked and it asked Mr D if he wanted to speak to someone from its vulnerable customer team so he could let it know specifically what sort of help and support he would find useful going forward, which I see that Mr D was in contact with in January 2023. I can see from the conversation notes that during this contact Mr D was made aware of companies that could help with his financial situation and also how he could self-exclude directly with gambling companies. I don't think that this was an unreasonable response.

I note that Mr D is unhappy that Starling were unable to specifically block the website he asked Starling to, but Starling have confirmed that they are unable to do this and all they can do is block all faster payments from the account. My understanding is that this was tried in May 2023 and Mr D removed this block himself as he needed some payments to go through. So, I don't think that Starling could have come up with an acceptable solution to prevent Mr D from gambling.

While Mr D is understandably frustrated and unhappy that the gambling block didn't work in his specific circumstance, I'm satisfied that Starling did all it could to explain the limitations of the block and offer genuine and tailored support to him when it became aware of his issues with gambling. And for those reasons I'm not upholding Mr D's complaint.

I know this will come as a disappointment for Mr D, but I hope he understands the reasoning behind my decision. I should add that this decision represents the final stage in our process and there is no further recourse to appeal or discuss the merits further. That said Mr D may be able to pursue this matter elsewhere such as court if he wishes to do so.

My final decision

For the reasons set out above I don't uphold Mr D's complaint against Starling Bank Ltd.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 29 September 2023.

Charlie Newton
Ombudsman