

The complaint

Mr C has complained that Lloyds Bank PLC didn't do enough to safeguard him as a vulnerable consumer when he started gambling as a result of a mental breakdown.

What happened

On 7 November 2022 Mr C spent a total of £7,581 on numerous gambling transactions from his current account. Later that afternoon he messaged Lloyds to explain that he suffered from ADHD and autism and had undergone a mental breakdown as a result of his wife leaving him over the weekend. He said he used every penny in the account and then transferred as much cash as possible out of numerous credit cards to spend on gambling, with a view to then committing suicide. He said he was now at the hospital and his mental health worker had suggested he request the cancellation of the pending transactions due to not being mentally sound.

Lloyds responded that it wouldn't be able to cancel or stop the transactions. But it said there was some support it could offer, which included:

- Card freezes that he could set up on his banking app to block all online transactions.
- Applying a strict flag to the account, meaning there could be no automated lending decisions thereby reducing his access to credit to gamble.
- An online page to provide support with budgeting tools.
- Switching off marketing so that he wouldn't receive product advertising.
- Signposting him to some external support organisations that would enable him to self-exclude from online gambling sites.

The adviser also asked if it was okay to make a note on the account about the information Mr C had shared. Mr C said he didn't authorise them to put a note on file because he didn't have a gambling problem. He said he only started to gamble a month before as his marriage was falling apart and finally came to an end this weekend. He said he'd go to the bank when he was out of hospital to see what support it could provide to help get his finances back on track.

On 14 November 2022 Mr C again made a large number of gambling transactions. Although he says these totalled £7,660, from the evidence of the bank statements, I have calculated it to be £7,450. He says he got the funds by cashing in some work shares. He again contacted Lloyds later that day, explaining that he was back on his medication and thinking more clearly. He had registered with Gamstop to ban himself from gambling and said that Lloyds should have stopped him from squandering the subsequent amount he had spent that day. On this occasion Mr C was happy for a note to be added to his account.

On 15 November 2022 he contacted Lloyds to complain that this had been allowed to happen, given that he had contacted it earlier to explain his situation. He said he had transferred the only funds left available to him out of his work shares and that he should

have been prevented from repeating his mistakes. He said he had been left in a dire financial predicament as a result.

Lloyds said that it had discussed options with Mr C when he made contact but he didn't want to discuss things further at that time. It couldn't then proactively approach a customer to set controls and that it would be up to a customer to initiate freezing the debit card.

I wrote a provisional decision last month in which I explained why I was minded to uphold the complaint and giving the parties the opportunity to comment further. Lloyds responded to say that it accepted my provisional decision. Mr C didn't submit any additional comments.

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.

As stated in my provisional decision, there was no reason why Lloyds should have been monitoring Mr C's account for signs of vulnerability prior to 7 November 2022. And as the transactions on 7 November 2022 were legitimately made, there is no responsibility on Lloyds to refund those payments.

But when Mr C contacted Lloyds later on 7 November 2022 to explain that the compulsive spending he had carried out on that day was a result of a mental health crisis, that's the point when it should have known that Mr C was extremely vulnerable and there was therefore a need for additional support.

This is not a typical case of someone with a gambling addiction, where I might have said that offering the standard list of options may have been helpful. Lloyds had been put on notice about Mr C's serious mental health problems. On balance, I think it should have identified that Mr C needed a higher level of safeguarding and so done more to protect him by tailoring its support to Mr C's particular circumstances.

Knowing that Mr C had engaged in harmful compulsive spending, Lloyds should have been monitoring his account for more unusual activity linked to his declared vulnerabilities. Because it didn't do so, I think there was a missed opportunity to help Mr C on 14 November 2022. Had it intervened on that date, I think it's likely Mr C would have been prevented from losing some of his money to gambling websites.

I say this because, given Mr C's previous candour with Lloyds about what was going on in his life, I consider that he would have most likely engaged meaningfully in conversation with it about how his mental health was once again resulting in a compulsive gambling spree. Also, the evidence is that Mr C was quick to regret his actions on both 7 and 14 November 2022 and made contact with Lloyds on both dates seeking help.

Had Lloyds been monitoring the account, it could have given Mr C a welfare call on 14 November 2022 when it spotted that a pattern of harmful spending was again beginning. Overall, I think it's more likely than not that a timely phone conversation would have snapped him out of that behaviour.

Again, as I said in my provisional decision, it's difficult to identify the exact point that Lloyds should have intervened. Mr C had placed a few bets between 8 and 12 November 2022. However, it was on 14 November 2022 that his behaviour began to be truly problematic with him carrying out almost 30 gambling transactions. On balance, I think Lloyds should have noticed the unusual activity on the account by the time of the fifth transaction. Had it done so and given Mr C a call at that time, I find it more likely than not that the remaining transactions would not have taken place.

Putting things right

Lloyds should refund all the gambling transactions that left Mr C's account on 14 November 2022 from the sixth transaction onwards, totalling £6,620.

I'd said in my provisional decision that, if Lloyds was able to verify any gambling winnings that came into the account during or shortly after this time, it could deduct these from the overall refund. Lloyds says it hasn't been able to identify any winnings and so will make the payment without any deductions.

In addition, Lloyds should pay Mr C a further £500 for the distress caused in allowing him to continue his harmful spending and the worry he has had to endure as a consequence of losing that money.

My final decision

My final decision is that I uphold Mr C's complaint and require Lloyds Bank PLC to pay Mr C £7,120 compensation as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 26 October 2023.

Carole Clark

Ombudsman