

The complaint

Mr A complains about poor service from Monzo Bank Ltd when he requested blocks on transactions linked to his gambling addiction. He said this led him to spend £1,839 on a gambling platform.

What happened

I set out the background to Mr A's complaint in my provisional decision, and here.

Mr A held an account with Monzo and said it was aware he was a vulnerable customer who struggled with a gambling addiction. He said he told Monzo that he used crypto currency exchanges for payments to gambling sites and requested blocks. He said he'd previously complained about a block that wasn't put in place correctly and received compensation.

Mr A asked Monzo in March 2022 to ensure he couldn't make payments to (the crypto service in question) any further. He said he didn't receive a reply and three days later made payments of £1,839 to the crypto service, all spent on gambling. Mr A said this was most of his monthly salary and was incredibly stressful and damaging to his mental health.

Monzo messaged Mr A on 18 December 2022, *'...while looking into your recent query we noticed you had a number of crypto payments, and I just wanted to make sure you're alright and not gambling more than you'd like to be? If you're struggling with this in any way, or find yourself in financial difficulties, please let me know. I can talk you through the support we may be able to offer you and point you in the direction of free advice, should you need it.'*

Mr A responded that having noticed the transactions Monzo should have blocked them as requested. Monzo said it hadn't immediately recognised Mr A's crypto currency transactions as related to gambling and this had delayed its action.

Mr A complained to Monzo that it should've monitored his account due to his information about his vulnerabilities, and didn't put in place the block he requested. Monzo apologised to Mr A for not putting a block in place until 22 April 2022 and paid £140 compensation.

Monzo said Mr A first raised concerns about crypto currency transactions in January 2021 and named two crypto services in March 2021. Monzo explained these didn't fall under 'gambling' as they have a different merchant code, but it blocked payments. This worked until Mr A changed his bank card and his complaint about this was resolved. Monzo said Mr A made payments to a different crypto service from May 2021 which he hadn't asked to be blocked, but was now blocked.

As Mr A wasn't satisfied with Monzo's response he referred his complaint to our service. He said the block was correctly applied in April 2022 and attempted transactions were blocked, but he'd lost £1,839 after he previously requested the block. He said this caused significant stress and embarrassment of being without money at Christmas. He wants Monzo to refund the £1,839 and pay him £500 for the stress and embarrassment caused to him.

Our investigator didn't recommend the complaint be upheld. He said Monzo explained that Mr A's payments were card tokens, not conventional money, which could be converted to

gambling chips and couldn't be blocked because of the initial 'money to token' transfer. The investigator said Monzo explained that Mr A processed the transactions using a payment provider that would bypass the block. He said Monzo's compensation for leaving Mr A waiting for responses for long periods of time on the chat function was fair.

Mr A disagreed and requested an ombudsman review his complaint. He said Monzo failed to apply the block or show that it wouldn't have worked on the transactions, and he has shown the block was effective once it was put in place, paid via a payment provider.

In September 2023, I issued a provisional decision for this complaint and explained why I was minded to partially uphold Mr A's complaint as follows; -

'Mr A expected Monzo to monitor his account as it was aware of his vulnerability. Monzo said it doesn't manually monitor individual accounts. I've looked at the communications between them to see what Monzo knew about Mr A and whether it should have acted differently. Mr A has complained separately about a block on a specific payment provider, and this involved the method of communication Mr A used. This complaint has been considered separately.'

Mr A has provided screenshots to show the block operating effectively once Monzo finally applied the block in April 2022. He said Monzo admitted that the block to the merchant had failed to be placed on two occasions between his message of 19 December 2022 and his transactions of £1,839. He said Monzo had told him that it wouldn't refund these payments as it couldn't guarantee that they would've been stopped if the block was in place, as the merchant changed its merchant ID.

I understand that the transactions Mr A has complained about involve 'money to token' transfers, which are different from normal payment transactions. Monzo has confirmed that the merchant block worked to the payment provider. However, it said that it couldn't have applied the block any sooner due to the payment rules of the card provider on Mr A's account. It said this was because at the time when Mr A initially requested the block, there were pending payments on the account for the merchant.

Monzo provided the response about this issue from its payments' engineers:

'Using Payment Cancellation Service blocks clearing messages, so the payment would stay pending until it automatically reverses and merchants aren't able to first present on it. This is against the rules.'

My understanding from this is that payments already into the payment system with the merchant can't be reversed as a new payment post-block would be. I think this helps to explain why Monzo told Mr A that even if it was able to apply the block immediately, the payments already commenced would have bypassed any block.

Monzo has also explained that any blocks that could be applied were at best short term and could be bypassed by using particular payment providers, though Mr A said that all his transactions used this method of payment. Monzo's point is that even if it applied blocks to the merchant Mr A was using, he could bypass this by using a particular payment provider. Monzo did apply the block, albeit belatedly and this was the correct response to Mr A's vulnerability.

From what I have seen, Monzo did attempt to meet Mr A's requests to limit his ability to gamble and did respond to his communications, albeit with some delays. Although Monzo's blocks weren't comprehensive, it did explain the limitations of these to Mr A. I think Mr A

could see Monzo's difficulties in blocking his transactions and would've known they'd likely not be complete in preventing gambling transactions.

I think it was reasonable for Monzo to consider crypto currency transactions to be normal spending, and not to monitor those transactions as a matter of course. It is, of course, where the money was spent after the crypto currency transaction that is the problem and the changed nature of the funds means that this was not entirely within Monzo's control.

I have concluded that Monzo has treated Mr A fairly and reasonably with regard to his gambling transactions and so I can't require it to refund the money he has lost. Monzo apologised to Mr A that it didn't respond to him twice on the chat function, which amounted to poor customer service and paid him £140 compensation.

My provisional decision

Having considered the circumstances of this complaint and Monzo's explanation, I currently think that £250 compensation would be a fairer reflection of the impact on Mr A's wellbeing of the poor service he received from Monzo. I say this because Monzo was aware of Mr A's vulnerabilities and offered support, and should have followed through on this by giving greater priority to dealing with his concerns about his gambling addiction.'

The parties' responses to the provisional decision

Monzo accepted the provisional decision, but Mr A did not.

Mr A was concerned about inaccurate information. He said on 18 December 2022 Monzo messaged him with its concerns, and by 22 December 2022 he'd made a clear request to block further transactions to the specified crypto currency exchange he was using to facilitate gambling transactions. However, Monzo was slow to put a block in place, and he made further gambling transactions, which he now requests to be refunded.

Mr A said Monzo's other points are incorrect and wouldn't have made a difference. He said with regard to the money to token transfer, that his payments went directly to the crypto currency exchange to be converted to a crypto currency and sent onwards. He said if the block had been in place the payments would not have gone through.

Mr A said the payments were initiated on 22 December 2022 and would not have been pending or initiated any sooner, as Monzo had indicated. He said it isn't fair for Monzo to consider crypto currency spending as normal spending as its message of 18 December 2022 shows a correlation between the crypto currency payments and gambling transactions.

Mr A said Monzo told him the block could be bypassed when his card was replaced, not that this might be short term and could be bypassed by using particular payment providers. Mr A agreed that where the money was spent after the initial money to token transfer was outside Monzo's control, but after his requested block Monzo could have prevented the transfer. He said Monzo admitted the block wasn't in place after it was requested on 19 December due to operation failures and that the block worked subsequently.

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 have thought again about my provisional conclusions and the response from Mr A, particularly concerning the period from 18 to 22 December 2022 and the account activity that took place. Having done so I remain of the view that the complaint should be upheld in part and for the reasons I have given.

I understand Mr A's point that it was Monzo's delayed response to his request by 22 December 2022 that enabled him to lose money gambling. As I said in my provisional decision, Monzo was aware of Mr A's vulnerabilities but failed to respond to him twice on its chat function. Monzo has explained the difficulties it experienced in putting the block in place that Mr A requested, and I have considered its points again.

Although Mr A dismisses Monzo's difficulties, I think there were practical problems that Monzo faced in putting the requested block in place. I think this is borne out by Monzo's explanation to Mr A of the limitations of the block. Monzo has also explained that at the time when Mr A initially requested the block, there were pending payments on the account for the crypto service, and these couldn't be blocked as a new payment might be.

Mr A applies the logic that since all of the transactions on 22 December 2022 were made to the crypto currency exchange via a payment provider, and this payment method was effectively blocked subsequently, had the block been applied without undue delay these transactions wouldn't have happened, *'hence Monzo are liable for these'*.

I understand Mr A's point, but I also accept Monzo's explanation that the process wasn't as straightforward as he suggests. But notwithstanding this our consideration as to what is a fair and reasonable outcome of the complaint is more involved than Mr A has described and touches upon his determination to gamble. Even if Monzo had applied blocks to the crypto service Mr A was using, he could bypass this by using a particular payment provider. This is because of the lack of a direct gambling transaction – Mr A bought crypto currency which might then be used for any transaction he wished.

Whilst I take Mr A's point that Monzo *'clearly correlate the gambling problem with the crypto currency payments'*, that doesn't mean the transactions could have a different less harmful purpose, hence Monzo's treatment of crypto currency transactions as normal spending.

One of our considerations is the personal responsibility for the transactions of the consumer. I indicated in my provisional decision that I thought Mr A could see Monzo's difficulties in blocking his transactions and would've known they'd likely not be complete in preventing gambling transactions. It would also have been open to Mr A to have self-excluded for gambling transactions with the gambling operators, and this might have provided a more effective block to the transactions.

I'm pleased that Monzo contacted Mr A and offered support, but it should have followed through on this by giving greater priority to dealing with his concerns about his gambling addiction. And so I remain of the view that Monzo should pay Mr A £250 compensation for the distress and inconvenience he has been caused by its poor service.

I sympathise with Mr A for the gambling problems he has faced, and I realise he will be disappointed with this decision, but I hope he understands the reasons I have reached it.

My final decision

For the reasons I have given it is my final decision that the complaint is upheld in part. I require Monzo Bank Ltd to pay Mr A total compensation of £250 for the distress and inconvenience its delayed response to his request for blocks caused him. Monzo can deduct from this sum any compensation already paid to Mr A under this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 7 November 2023.

Andrew Fraser
Ombudsman