

The complaint

Mr B has complained that Monzo Bank Ltd did not do enough to support him with his gambling addiction.

What happened

Mr B has a long standing gambling addiction. He thought that the pattern of transactions on his bank account should have prompted Monzo to step in sooner. Mr B was unhappy that after telling Monzo about his gambling addiction at the end of 2023, it still let him make a large number of transactions without conducting further checks.

Our investigator set out a detailed investigation outcome. Prior to the gambling block being put in place, our investigator didn't think there was much cause for concern in the way that Mr B managed his account. Although he made regular use of his overdraft facility, Mr B didn't exceed the overdraft limit.

Mr B said that some payments should have been picked up as gambling transactions in 2023 but our investigator said these were made to legitimate payment processors so would not have triggered Monzo's system as they were not gambling merchants and the activity did not seem suspicious.

In late 2023, Mr B asked Monzo to block transactions to a specific merchant which it did. He said that he had a gambling addiction and had enabled the gambling block on his account. Our investigator thought that Monzo offered Mr B appropriate support by referring him to its specialist support team, which then added a gambling addiction marker to his account.

On 5 March 2024, Mr B told Monzo that despite the gambling block on his account, it had left large gambling transactions leave his account. On 6 March 2024, supplied screenshots of the payments made which included payments made to merchants which I will refer to as W and Z. Our investigator thought that Monzo should have asked Mr B if he wanted a manual block or apply one for him, but it didn't do this. In line with Monzo's usual process, the block would have been active two weeks later by 20 March 2024.

When Monzo responded to Mr B's complaint on 28 March 2024, it explained that the gambling block could not capture the transactions in favour of W as they were not processed through the correct merchant code. Monzo said it was possible to place a manual block and said the specialist team would be in touch. On 9 April 2024, Monzo asked if Mr B wanted it to manually block W but he didn't respond. Our investigator thought that given the clear concerns that Mr B had raised about W and Z, Monzo should have proactively blocked transactions after it received the screenshots he provided.

As Monzo didn't add the block, 42 transactions totalling £1,904.35 were made in favour of W between 20 March 2024 and late April 2024. Our investigator asked Monzo to refund these transactions and pay £500 compensation. As our investigator could not see any transactions in favour of Z from 20 March 2024 to later in April 2024 there was nothing to refund.

Mr B asked some questions about the investigation outcome. After our investigator

responded to these queries, Mr B accepted the investigation outcome but Monzo did not. Monzo said it expected Mr B to say if he wanted it to block a merchant and said that he was aware of this through previous online chats. Monzo said that if it had proactively blocked a merchant without Mr B's express permission and he'd then complained about this, his complaint would have been upheld.

Monzo pointed out that it has a duty to carry out a payment instruction when it is received. Monzo said it should not restrict a customer from spending money in the way that they choose. Finally, Monzo said that it tells customers they will still be liable for any payments that go through the gambling block.

Our investigator still thought that Monzo had more than enough information to have proactively blocked the merchants or offered the block at the time.

As Monzo disagrees with the outcome, the complaint has come to me to make a final 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 appreciate that I have summarised this complaint in less detail than the parties and that I have done so using my own words. The rules that govern our service allow me to take this approach but this does not mean I have not considered everything the parties have supplied to us.

As I said above, our investigator already set out her detailed findings about the account both prior to and after Mr B disclosed his gambling addiction and the gambling block was set up. I agree with her assessment. So, I hope that the parties will not take it as a discourtesy that I don't repeat those details in my final decision. Particularly as Mr B already accepted the investigation outcome.

This means that I have focused on the aspect of Mr B's complaint which remains in dispute – the transactions made in favour of W from 20 March 2024 until the end of April 2024. There's no dispute that Mr B authorised these transactions, so it's generally accepted that Monzo has an obligation to follow his instructions. This means that Mr B is presumed liable for his loss. However, Monzo is subject to rules and regulations which impose a duty to protect its customers against the risk of fraud and scams as far as possible. In addition, Monzo is required to follow FCA guidelines about vulnerable customers.

I am satisfied that Mr B falls under the heading of a vulnerable customer. He had already asked Monzo to block gambling transactions and his statements show regular gambling taking place online. Customers who gamble and find it difficult to stop are classed as vulnerable customers.

I agree with our investigator that once Mr B alerted Monzo on 6 March 2024 to the nature of the payments made to W and Z, and as it knew he was a vulnerable consumer, it would have been reasonable to expect it to block future transactions or at the very least, to offer to block the transactions. However, Monzo didn't take either of these steps at the time. It can take up to two weeks for the manual block to take effect. So, if Monzo had reacted to Mr B's concerns on 6 March 2024, the payments should have stopped from 20 March 2024.

I appreciate that Monzo reached out to Mr B on 9 April 2024 to ask if he wanted it to manually block transactions to W. But by this point, Mr B had already complained to our

service and Monzo should have been aware that he wanted to block the transactions, given the concerns he raised in early March 2024.

I take account of the point that Monzo makes about not blocking a transaction without a customer's express permission but in Mr B's case, I think he had done enough to demonstrate that he didn't want to be able to make payments to W or Z. Monzo's chat records also show that it was aware it should have been more proactive when Mr B raised his concerns about the transactions. So, I still think it fair to require Monzo to refund the payments Mr B made to W from 20 March 2024 until the end of April 2024.

As our investigator has already said, Mr B didn't use his Monzo account to make any payments to Z between 20 March 2024 and 24 April 2024. So, there is nothing for Monzo to refund in relation to any payments made to Z.

Mr B did question whether Monzo should refund further payments he had made to W since the end of April 2024 as the block was still not in place. Our investigator said she had taken account of the fact that on 9 April 2024, Monzo reached out to Mr B through online chat to ask whether he wanted it to block W. If Mr B had responded, it seems likely the block would have been active by late April 2024. So, she limited the refund to the last payment we could see on Mr B's statement. This was a fair approach, so I too have only required Monzo to refund payments made to the end of April 2024. From looking at Mr B's bank statement ending 24 April 2024, the last payment to W was made on 20 April 2024.

Our investigator calculated that Mr B made payments to W totalling £1,904.35 but Monzo should make sure this figure is correct before refunding all payments made to W between 20 March 2024 and 20 April 2024.

Our investigator also recommended that Monzo pay Mr B £500 compensation for the upset and inconvenience caused to him by the failure to block payments to W. I agree that this seems a fair award to make as by this time, Monzo was well aware that Mr B had a gambling addiction which was causing him financial harm and emotional distress. If Monzo had acted promptly to block the transactions in March 2024, it is likely that some of the upset caused would have been avoided – or at least minimised. An award of £500 falls within our substantial band of award for trouble and upset. I consider it reflects the significant level of distress felt by Mr B.

Putting things right

Monzo should:

- Refund to Mr B all payments that he made to W between 20 March 2024 and 20 April 2024: and
- Pay Mr B £500 compensation.

My final decision

My final decision is that I uphold this complaint. In full and final settlement, I require Monzo Bank Ltd to put things right as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 21 October 2024.

Gemma Bowen

Ombudsman