

The complaint

Mr H says Monzo Bank Ltd, “Monzo”, didn’t protect his account and failed to stop transactions which it should’ve blocked.

What happened

The facts of this case are well known to both parties, so I won’t repeat them in detail.

In summary, Mr H is complaining about transactions from his account to gambling sites between 24 December 2023 and 18 January 2024, totalling £45,362.92. Mr H is unhappy Monzo failed to block these transactions after he had applied a gambling block to help him manage his finances. Mr H feels the volume and frequency of the transactions should’ve been flagged by Monzo, especially as it was aware of his problems with gambling. Furthermore, Mr H says Monzo failed to process all his chargeback requests, and had it done so, he would’ve received a full refund of the disputed transactions through this process.

Mr H has raised some further points about the credit provided by Monzo, but this is being considered under a separate complaint.

Monzo says the gambling block acts to prevent payments to sites with a 7995 Merchant Category Code (MCC) which is designated for businesses operating in the gambling industry, including lottery operators, casinos, and betting establishments. Monzo says the sites Mr H made the payments too were not categorised under this code, so they were not blocked. But it says this was not down to an error it made; it was due to the merchants using false codes to avoid being detected as gambling companies. So, it says there was nothing wrong with the gambling block and as Mr H made these payments it has held him responsible for them.

Our investigator considered this complaint and decided not to uphold it. Mr H wasn’t happy with this outcome, so the complaint has been passed to me for 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.

Before I set out my thoughts, I want to acknowledge that I have summarised this complaint briefly and, in less detail, than has been provided. I’ve focused on what I think is the heart of the matter. Please rest assured that I have considered everything I’ve been provided with. I’m satisfied that I don’t need to comment on every individual point or argument to be able to reach what I think is the right outcome. Our rules allow me to do this and reflect the fact that we are an informal service and a free alternative for consumers to the courts.

Ultimately, Mr H is not disputing making these payments himself, or not receiving the services paid for. He is complaining that Monzo’s gambling block failed to identify and block these genuine payments. I have considered Mr H’s complaint, but I have also considered Monzo’s position as much as Mr H’s. And what Mr H’s asking for here is for Monzo to use its

own funds to pay him back money that he says he spent gambling. Which would only be fair to do if I find Monzo has made any errors.

Monzo has provided evidence that the gambling block can be added and removed by the customer at any time via the app. In this case the evidence shows Mr H applied the gambling block to his account on 5 July 2019. Monzo has provided a screen shot of what Mr H would've seen once he added this feature. This shows an alert on the screen saying:

"This will automatically block any transactions related to gambling. All transactions have a code which helps identify what kind of transaction they are, and we'll try our best to block these payments (but if they go through then you'll still be liable for them)."

Monzo has provided evidence that none of the transactions in dispute were identified under the code for gambling. Therefore, they were not blocked. While Monzo has a duty to provide additional support for vulnerable customers and try and protect all its customers from foreseeable harm, this must be balanced with a reasonable expectation on what steps Monzo should take - as well as the responsibility on customers to manage their own finances. While I appreciate that Mr H took the step in good faith to stop himself from being able to gamble, the restrictions on the gambling block were clear. And I don't think it would be fair to expect Monzo to check every merchant's category code before processing each transaction to ensure it is not a gambling website. So, I don't think Monzo has done anything wrong by not blocking the payments from being made.

Mr M is also unhappy these transactions were not flagged by Monzo for their volume and frequency. Usually we would expect large payments, perhaps international payments, or payments significantly out of character to be flagged. The payments in dispute are for relatively low sums, however over time they do add up. But there is nothing which would indicate these transactions were fraudulent or suspicious – such as payments to unknown foreign individuals, or payments in quick succession which empty the account. And as I've said, these companies were using incorrect MCC codes to disguise their activities so it wouldn't be fair for me to expect Monzo to have been able to identify them as gambling.

Mr M has questioned why Monzo didn't raise a chargeback on all the transactions as he requested, as the transactions it did raise for him were refunded. So, he feels Monzo has denied him further refunds through this process. Monzo has responded to this showing that the refunds were incorrectly applied by its automated system. Had these been looked at correctly, it says they would have all been rejected.

The chargeback scheme is a voluntary one set up to resolve card payment disputes between merchants and cardholders. There are several grounds upon which a chargeback can be raised. I understand Mr M's reason for raising a charge back is that the merchants had fraudulently recorded their activities as being categories other than gambling, and he suspected the companies were involved in money laundering. However, these grounds are not covered by the chargeback scheme, so even if Monzo had agreed to raise these chargebacks, there are no grounds for which I think they would've been successful.

I appreciate this decision will be very upsetting for Mr M. It's a lot of money, and I understand his issues with gambling must be challenging to overcome. So, I do have sympathy for his situation. However, for the reasons outlined above I don't think it would be fair to hold Monzo responsible for the transactions in dispute.

My final decision

I am not upholding this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 25 February 2025.

Sienna Mahboobani
Ombudsman