

The complaint

Mr M complains that Monzo Bank Ltd failed to offer him appropriate support and repeatedly increased his daily withdrawal limit when it should have been aware that he was gambling.

What happened

Mr M has told us that he was a gambling addict and at the time of making a complaint to Monzo he had been gambling for around two years. In October 2022, having made a number of transactions to an online casino, Mr M asked Monzo to dispute the transactions under the chargeback scheme, as he believed the casino didn't have a UK licence. Monzo advised that the transactions did not come under the rules of the chargeback scheme operated by its card provider. In the course of an online chat it noted that Mr M had been gambling, and asked him if he needed any support. Mr M did not reply to this at the time.

In February and March 2024 Mr M asked several times for his £10,000 daily withdrawal limit to be extended. He advised that he needed to transfer money to another bank account but he was gambling heavily at this time. Monzo increased the limit without reviewing his gambling activity. He said that this specific chain of events led him to review his gambling problems and to seek advice and help. He believes that if Monzo had not increased the limit he would not have lost so much money gambling and sought a refund of some of those monies from Monzo.

In its final response letter in May 2024 Monzo said that, taking into consideration Mr M's history relating to gambling transactions and his previous disclosures regarding his relationship with gambling, it should have dealt with this differently and done more as a bank to prevent this from happening. It paid him £500 compensation.

On referral to the Financial Ombudsman Service our Investigator said that overall, he thought the £500 compensation Monzo had offered (and paid) was a fair and reasonable one in the circumstances of this complaint. Monzo should've taken extra care when increasing the daily limit and there was an opportunity to offer support. But that being said, he didn't think the losses Mr M had incurred could be attributed directly to Monzo's service failure.

Mr M did not agree, pointing out that if Monzo had blocked the daily transfer limit increases on the first request, he knew in his heart that would have been the specific catalyst he needed to seek help rather than requesting 3 or 4 limit increases and only then reaching that conclusion.

The matter has been passed to me for an Ombudsman's consideration.

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.

First of all, I understand that problems of this nature can be extremely difficult to overcome, and Mr M is to be commended for recognising this and for taking steps to limit or stop his gambling.

From Monzo's standpoint, I have to take into account that gambling is not illegal and that unless its customers ask it to do so it can't block payments to casinos or other betting companies.

In Mr M's particular case, in October 2022 he asked if he could raise a chargeback on a number of transactions he had made to an online gambling casino. Monzo told him that it couldn't do so under the chargeback rules for his card provider. I think that was correct. At the time Monzo offered support because he had notified them that he was gambling. Mr M admitted to Monzo that he wasn't ready to accept such help at the time. Regrettably, as I've said, there was not much more it could have done apart from offering help which could have included putting a block on his card, and offering advice about who to contact.

Mr M has advised that he's in touch with charities that help with gambling addiction which will place a stop on betting transactions with UK companies. He's also advised that the casino is not a UK based company. He has an account with another bank which has blocked transactions to that company. Monzo did later offer to do that but at the time, as Mr M did not respond to its offer of support, there wasn't much that it could do.

After that, from a review of his bank statements up until February 2024 although there were a few gambling transactions, Mr M's account didn't go into overdraft and there was nothing in my view that would particularly have alerted Monzo that Mr M had gambling problems. And again it doesn't appear that he would have accepted help at the time.

In February 2024, having inherited a large sum of money, Mr M did spend a lot on gambling. As for increases in the daily limit, from the information we have received from Monzo, increases in the limits were approved in October 2023 (a genuine reason, for the payment of rent), and on 28 and 29 February and on 3 March 2024. The latter three increases in the daily limit added up to a total of £15,950 over limit. On each of those three occasions Mr M asked for the increase so he could transfer money to his other bank account.

It was clear on those dates and other dates in between that Mr M paid the whole amount of his withdrawal limit (as increased where this was done) to the online casino. Monzo has admitted that it was aware of the payments made to the online casino but still approved the increases in the daily limit.

Clearly then there was sufficient activity on his account to alert Monzo that Mr M was gambling heavily. And it's certainly arguable that after the first increase in limit when Mr M did not transfer money to his other bank account, Monzo should have refused any further increases in limit. And it should have offered its support, as it had previously done in October 2022. However, as I've said, without the customer's approval, Monzo could not have blocked gambling activity.

So the question that remains is if Monzo had refused to increase the limit after the first increase would this have been, as Mr M has said, the catalyst for him to seek help and advice to stop gambling. Certainly after 3 March 2024, no further identifiable gambling payments appear on Mr M's Monzo bank statements. It's certainly possible that Mr M might have stopped gambling if refused a further increase in the limit. But I think it's just as likely possible that he might have continued to gamble. I've noted that he used money from his savings and didn't ask to borrow it from Monzo or elsewhere. As I can't say which is the more likely scenario, regrettably I can't find that Monzo is reasonably responsible for any gambling losses Mr M might have made.

Monzo has paid Mr M £500, in recognition of the fact that it should have picked up on his gambling activity in late February/early March 2024. I don't think on the facts of this case that Monzo failed to offer support earlier, as it clearly did so at a time when Mr M wasn't ready to accept help. Such an award might be fair where the impact of a mistake has caused considerable distress, upset and worry. And we have made such awards in similar cases.

So overall I think that Monzo has paid sufficient compensation in recognition of its error in not taking into account the unusual activity on Mr M's account when he was requesting increases in his daily withdrawal limits. But I don't think that I can hold it responsible for his actual gambling losses.

My final decision

I don't uphold the complaint.

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

Ray Lawley
Ombudsman