

The complaint

Mr J has complained that Lloyds Bank PLC didn't do enough to safeguard him when he was gambling high volumes with unregulated online casinos.

Background

Mr J has explained that between February and June 2024 he was placing high value bets with an online casino based outside of the UK. Mr J began to make deposits to the website through both debit transactions and faster payment transfers via Open Banking. Having deposited approximately £80,580 with the casino, Mr J has explained he had won approximately £425,000. However, when he tried to access the funds from the casino he was unable to transfer them to his bank account and the website said because he was based in the UK it wouldn't pay his winnings to him and subsequently closed his account.

Mr J then contacted Lloyds to explain he had been scammed by the website and asked for it to refund the deposits he had made.

Lloyds explained that Mr J had made two different types of payments to the casino, the first were direct deposits from his debit card and the second were transfers via Open Banking. It has explained that the debit card transfers are not eligible for chargeback refunds as the rules for these sorts of refunds, as set out by Visa and Mastercard, state gambling transactions aren't covered by the chargeback scheme.

The second type of transfer, faster payments via Open Banking, were also not eligible for refunds. Lloyds said this had been explained to Mr J at the time he was making them. It provided a number of call recordings of different conversations it had with Mr J during this period where it had placed different blocks on the gambling transactions leaving his account to ensure they were legitimate and that he understood he wouldn't be protected if he continued to transfer funds via Open Banking.

Lloyds also explained that Mr J was required to phone the bank on a number of occasions as well as attend one of its branches in order to verify some of the transactions. During these phone calls Mr J repeatedly confirmed he was gambling, wanted to gamble and insisted the bank lift the blocks so he could continue to gamble. He also confirmed he understood the risk of transferring funds via Open Banking but wanted to do it this way as it was cheaper with no bank fees. As such Lloyds didn't think it had failed to check the payments were legitimate and maintained Mr J wasn't eligible for refunds on the transactions. So, it didn't uphold his complaint.

Unhappy with Lloyds response Mr J brought his complaint to our service. One of our investigators looked into the complaint already. She found that Mr J wasn't entitled to a refund for the transactions that he had placed, and that Lloyds had repeatedly queried the transactions with Mr J, who had insisted he wanted to make them, so she couldn't find any evidence of errors on the part of the bank, and she didn't uphold the complaint.

Lloyds accepted the investigator's findings, but Mr J didn't. He said Lloyds should have done to protect him at the time he was gambling. He explained that he was a gambling addict and

so when Lloyds contacted him he would have insisted the transfers were made because he of his addiction. He repeated the bank should have done more to stop him from spending his money. He said he was scammed by the casino and doesn't understand why it's not possible to get a refund of his money when it's clear he's been defrauded. He accepts he can't get a refund on the Open Banking transactions but believes he should be able to reclaim at least £53,000 under chargebacks.

As Mr J was unhappy with the investigator's findings he asked for the complaint to be passed to an ombudsman and so it's been passed to me for consideration.

My findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Having considered Mr J's complaint in full and having listened to all the calls provided by Lloyds as well as the calls he had with our investigator, I've reached the same outcome she has and won't be upholding his complaint. I appreciate this will be extremely distressing for Mr J and that the impact of these losses has been enormous on him. However, I can only uphold a complaint when I find a business has failed to do what it is supposed to do, and I can't make that finding here. I have set out the reasons why below.

Our investigator clearly set out why it wasn't possible for Mr J to request refunds under the chargeback scheme, and I agree with her findings on this. The rules that are set out by Mastercard and Visa clearly state gambling transactions are not recoverable via the scheme and so I don't think Lloyds was wrong when it said it couldn't recover any of Mr J's money this way.

The primary reason Mr J remains unhappy with Lloyds is because he believes it should have done more to safeguard him while he was gambling and should have queried why he was transferring such high volumes of money and refused to complete the transactions for him.

I understand why Mr J thinks this. He transferred a very large amount of money to the casino, over a short period of time, and has been left in a position where he can't get the money he bet back and hasn't been able to claim the money he won. This has left him in a horrific position and extremely financially vulnerable. But that doesn't automatically mean that the reason why Mr J is in this position is the result of a failing on the part of the bank. I have to consider what is expected of Lloyds in this space, whether or not it met those expectations. And if Lloyds did do what it was supposed to, I can't ask it to give Mr J back the money he transferred because of problems he has experienced with the casino itself.

In some situations, when a consumer starts to gamble in high volumes or frequency, we might say the bank should query the behaviour with them and check they are comfortable with the way they are spending their money. However, it is unlikely that we would say a bank should refuse to give a person access to their own money when that person has assured the bank that they are comfortable with the transactions and want to complete them.

At the time Mr J began gambling with the specific casino in question he had already had some large gambling wins, from UK regulated gambling websites, totalling more than £110,000. It was this money he used when he started gambling with the non-UK based casino.

When Mr J started to transfer money to the casino via Open Banking, it caused a number of transactions to be flagged to Lloyds and blocks placed on his account. In order to remove these blocks Mr J had to make multiple phone calls to Lloyds and on two occasions, he had

to attend a branch in person to verify his identity and have the blocks removed.

I've listened to a number of the phone calls between Lloyds and Mr J during this time and it is clear he was very annoyed that the bank continued to block the transactions. He repeatedly explains that it is him making the transactions and that it's to an online casino and that he wants to spend the money in this way. At one point Mr J says that it is his money, and the bank has no right to tell him what he can and can't spend it on.

I know that Mr J has since explained he said this because he has an addiction and addicts will behave in harmful ways in order to meet the needs of their addictions. I agree with Mr J on this point and accept that people with addictions will engage in harmful behaviours.

However, it doesn't automatically follow that Mr J's addiction makes Lloyds liable for his losses.

Mr J didn't realise there was a problem with the casino he was using until he tried to claim his winnings from it. Mr J has told us that he won approximately £425,000 when he was using the casino. So, while he was making large deposits to the casino it appears that at the time Mr J was winning money and would have assumed at least some of those bets had been successful. So, I don't think there was anything Lloyds could have said to him before June 2024 when he tried to claim his winnings that would have stopped him from making more transactions. And as Mr J said himself, Lloyds has no right to tell him what he can and can't spend his own money on.

I know Mr J has lost an enormous amount of money. And from what he has said he has the website he was using wasn't a legitimate one. I can see in his submissions to us Mr J has contacted the UK Gambling Commission about the casino, and it confirmed that the website wasn't regulated by it and as such there were no protections in place for people in the UK if they use it. Mr J has said himself that he doesn't think there is any point in pursuing his losses through the casino. But that doesn't automatically mean the bank is liable to cover Mr J's losses instead. The only way I could ask the bank to pay Mr J any compensation or refund any of his losses would be if I could say it had done something wrong in how it had monitored his account or completed the transactions. And in this instance I've not been able to say that is what happened.

And because I can't say the bank did anything wrong I won't be asking Lloyds to do anything more in relation to Mr J's complaint. I know this leaves Mr J in a terrible position but it's not reasonable for me to hold Lloyds responsible for the problems he's experienced with the casino. The bank did query the transactions and did explain the risks involved with the transfers he was making. So, I can't uphold his complaint against it. I hope Mr J can understand why I have come to the conclusion I have.

My final decision

For the reasons set out above I don't uphold Mr J's complaint against Lloyds Bank PLC.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr J to accept or reject my decision before 10 December 2024.

Karen Hanlon
Ombudsman