

## **The complaint**

Ms D has complained that Lloyds Bank PLC failed to offer her sufficient support when she started to gamble in an irrational and harmful way through her current account.

## **Background**

Ms D has a current account with Lloyds. In September 2023 she added a gambling block to her account via her app to help prevent her from gambling in a compulsive way. However, Ms D has explained that despite adding the block she was able to gamble tens of thousands of pounds over a six-month period. She has asked why the block didn't stop the transactions and why Lloyds never queried the high spending on her account.

Lloyds has said that the reason why the gambling block didn't stop the transactions is because the merchants involved didn't identify as gambling merchants. So, it said there was no failure on the part of the block and provided evidence of times when it did successfully block gambling websites from taking funds. It said there was no indication on the account that Ms D was experiencing financial harm and so it was unaware she needed additional support, which is why it wasn't offered. As the bank didn't think it had done anything wrong it didn't uphold the complaint.

Ms D remained unhappy and brought her complaint to this service. One of our investigators looked into it already. She found that the websites Ms D had been using to gamble weren't using the correct Mastercard Merchant Codes ("MCCs") to identify themselves as gambling websites and this was why the block hadn't stopped payment requests by them being completed. She agreed that this wasn't the result of any error on the part of Lloyds. She also considered whether or not Lloyds missed any indicators on the account that Ms D may be vulnerable or in need of additional support. However, she didn't think there were any clear signs and didn't think that the bank had failed to offer support where it should have been clear it was needed. So, she didn't uphold the complaint.

Lloyds accepted the investigator's findings, but Ms D didn't. She remained of the opinion that the block on her account should have stopped the transactions and that Lloyds owed her a duty of care and had failed to support her when she needed it most. She's asked that the bank refund all the gambling transactions that she made.

As Ms D didn't accept the investigator's findings she asked for an ombudsman to review the complaint again 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 done so I agree with the outcome reached by our investigator and for the same reasons. I know this will come as a disappointment to Ms D so I've set out my reasons below.

I think it would be useful to clarify that bank accounts aren't actively monitored by people anymore. Even when we call to speak to bank representatives on the phone the people we speak to may only have access to limited information linked to the specific question we ask and not sight of the entire account, or individually listed transactions. So, I don't think people were accessing the information on Ms D's account in the way she thinks they were. Manual reviews, where a staff member actively reads account statements, only happen when there is a specific risk identified that prompts the business to think such a review is necessary. Or where a consumer asks for a review directly or has an agreement in place with the business that such a review will take place.

Instead, for the majority of the time, businesses rely on algorithms to identify risk to the account and the account holder. Those algorithms are designed to identify specific types of websites or transactions and block them. And the gambling block Ms D had applied to her account works by identifying the gambling MCC on transactions and then blocking payment.

However, the block will only work properly when the merchant, i.e., in Ms D's case the gambling website, uses the correct MCC. MCCs are codes used by merchants to help banks and credit providers recognise what sort of products are being purchased. There are individual codes for lots of different types of things, for example travel, clothing, dining, and gambling all have their own individual unique codes.

Merchants are expected to apply the correct code to their product when selling them which then adds a layer of verification and protection for all parties involved in the transaction. When credit providers or banks want to identify or block gambling transactions they do so via the MCC and not the name of the company involved.

Lloyds have provided evidence that shows the gambling websites Ms D was using didn't identify themselves with the correct MCCs. So, the gambling block didn't work because the transactions had the wrong code attached to them and didn't present as gambling transactions. This is a known limitation with gambling blocks and so when Ms D applied the block through her app Lloyds did provide a warning to say that it may not stop all gambling transactions. Therefore, I'm satisfied that the reason the block didn't work was because the gambling websites were using the wrong MCCs and not because of a mistake on the part of Lloyds. And I'm satisfied that Ms D was given notice when adding the block that it wasn't guaranteed to work on all transactions. So, I can't uphold her complaint on this point because I can't find a bank error.

Turning then to the question of whether or not Lloyds should have realised that Ms D was spending money in a way that might be harmful. Because Ms D was fully authorising all of the transactions there was nothing to indicate there might be a fraud risk. And it would seem that throughout the time Ms D was gambling she didn't exceed her overdraft limit or have any failed payments on the account. So, she had sufficient funds to make the transactions and no flags were raised in concern to overspending on the account. Which means I can't see that there were clear indications that her spending was becoming problematic or that Lloyds missed indicators of potential financial vulnerability.

I appreciate Ms D feels very strongly that Lloyds failed to offer her and genuine support during this time and that it should have done. But there is no obligation on the part of the bank to manually review how she was spending her money and there were no indicators that the way she was spending was causing her problems.

All of which means, I don't think Lloyds erred by not contacting Ms D to discuss the transactions she was making and so I can't uphold her complaint on that basis.

**My final decision**

For the reasons set out above I'm not upholding Ms D's complaint against Lloyds Bank PLC.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms D to accept or reject my decision before 30 December 2024.

Karen Hanlon  
**Ombudsman**