

## **The complaint**

Mr M is unhappy that Monzo failed to raise a chargeback for him.

## **Background**

Mr M approached Monzo in August 2024 asking it to process a chargeback request for him on a number of transactions relating to an online gambling website. Mr M said he believed the website in question was acting illegally as it was unregulated in the UK and as Mr M had previously placed a gambling block on his account the transactions shouldn't have been completed. So, he asked Monzo to request a chargeback on the basis that the website was misrepresenting itself by using incorrect Merchant Category Codes ("MCCs").

Monzo refused Mr M's chargeback request stating the rules set out by Mastercard explicitly stated that there were no chargeback rights for gambling transactions. However, in its response to Mr M's complaint it noted that he had requested information about the date he had applied the gambling block to his account and that it had taken the bank longer than it ought to have to confirm this date with him. So, for that delay it offered him £30 compensation.

Mr M was unhappy with Monzo's response and repeated that he ought to have been able to request a chargeback because he hadn't received any goods or services from the gambling website he had used. He also said that Monzo had failed to identify him as a vulnerable consumer and didn't treat him with due care. So, he brought his complaint to our service.

One of our investigators looked into the complaint already. He found that there was no chargeback right for gambling transactions and that Monzo hadn't made an error when it refused to request a chargeback for Mr M. He also said that Monzo had acted fairly in how it had responded to Mr M's request. So, he didn't uphold the complaint.

Mr M disagreed with the investigator's findings and repeated that he ought to have been able to make a chargeback request based on the fact the casino he had used had misrepresented itself with incorrect MCCs. As he disagreed with the investigator's findings, he asked for an ombudsman to review his complaint again and so it's been passed to me for 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.

Having done so I agree with the findings of our investigator and don't think Monzo made an error when it refused to process the chargeback request for Mr M. So, I won't be upholding his complaint. I know this will come as a disappointment to him, so I've set out my reasons below.

I'd like to begin by confirming that this service isn't a regulatory body or a Court of Law and doesn't operate as such. Instead, this service is an informal, impartial dispute resolution

service. And while we do take relevant law and regulation into account when arriving at our decisions, our remit is focussed on determining whether we feel a fair or unfair outcome has occurred – from an impartial perspective, after taking all the factors and circumstances of a complaint into consideration.

I also want to acknowledge that I've summarised the events of the complaint. But I want to assure both parties that I've reviewed everything on file. And if I don't comment on something, it's not because I haven't considered it. It's because I've concentrated on what I think are the key issues. Our powers allow me to do this. This simply reflects the informal nature of our service as a free alternative to the courts.

Mr M has confirmed that at the time he was making these payments he was aware that he was using an online casino and that the transactions he was making were gambling transactions. So, I am satisfied that he received the services (in this instance, bets and linked gambling transactions) he was paying for. However, he has pointed out that the only reason he was able to do this was because the MCCs attached to those transactions were listed as something other than gambling which meant the blocks and safeguarding measures, he had put in place didn't work as intended.

Mr M has said that the Mastercard rule relating to 'transaction laundering' allows him to make a chargeback claim as he believes the rule can be applied in scenarios where merchants misrepresent themselves in order to circumvent gambling blocks. He has also cited a rule linked to Visa chargeback requests (12.7), however as Mr M's debit card was issued by Mastercard the Visa rules do not apply and so I've not taken them into consideration.

Mr M has also cited another decision made by a different ombudsman relating to a Visa chargeback query where the 12.7 was considered. However, even if that rule were relevant here, which I'm satisfied it's not, we look at each case on their own individual merits and so I can only consider what happened in relation to Mr M's chargeback requests.

In order to understand the designed purpose of the Mastercard rule relating to transaction laundering, and whether or not it could be applied to claims such as the one Mr M attempted to make, I previously contacted Mastercard to understand the intention behind the rule and the circumstances in which it can be relied on.

In its submissions to this service, a representative from Mastercard confirmed that the rule would not apply in the way Mr M believes it ought to. They confirmed that there are no chargeback rights for any sort of gambling transaction, such as the ones Mr M made, and that the rule relating to transaction laundering would not be applied in circumstances where an incorrect MCC has been used to circumvent a gambling block as Mr M alleges happened here. They further clarified that the onus sits with the acquirer to ensure that merchants are using the correct codes to identify themselves but that there are no charge back rights in the situation Mr M finds himself in.

I do appreciate Mr M's distress with this situation. He proactively added a number of safeguarding measures to try to protect himself from foreseeable and genuine harm. That the sorts of protections available to problem gamblers in this space are so easy to circumvent is very frustrating. However, I can't agree that Monzo made an error when it refused to place a chargeback claim for him and I'm satisfied that the Mastercard rules he wanted to rely on weren't intended to be used in the manner he wanted to use them.

Mr M has also queried why Monzo didn't reach out to discuss the transactions on his account as he has said they were out of character and indicative of someone experiencing financial harm and vulnerability. In particular Mr M has said he was regularly overdrawn on

his account and using that facility to fund his gambling problem. He thinks that Monzo ought to have identified him as vulnerable and offered more help and support than it did.

It's important to clarify that banks don't routinely monitor individual transactions on accounts. 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.

Which means no one in Monzo was reviewing the information on Mr M's account in the way he might assume they were. Manual reviews, where a staff member actively reads account statements and sees the types of transactions that are taking place, 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 most of the time, businesses rely on algorithms to identify risk to the account and the account holder. And those algorithms are primarily designed to look for things like evidence of financial harm, such as direct debits going unpaid, or people going into unarranged overdrafts or exceeding agreed overdraft limits for prolonged periods of time. Or fraud and scams, where unauthorised third parties access funds without permission.

And while I accept Mr M was regularly using his overdraft facility to gamble, he was also receiving credits into his account which took him back out of his overdraft, albeit for short periods of time. In addition to that, the overdraft facility had been approved by Monzo and so Mr M was entitled to use it, without it necessarily alerting the bank to him experiencing harm. And because Mr M was fully authorising all transactions he made to the casino, there was nothing to indicate there might be a risk of fraud or scam. Which means no one in Monzo would have been automatically been aware that Mr M was spending money in the manner he was.

It's not unusual for accounts to only be monitored in this way and there is no obligation on businesses to provide customers with detailed manual reviews of their accounts. I appreciate Mr M feels very strongly that Monzo failed to offer him and genuine support during this time and that its failure has contributed to the circumstances he now finds himself in.

But I can only uphold this part of Mr M's complaint if I think the Monzo failed in its obligations to provide him support having identified him as vulnerable. And despite the fact that Mr M was genuinely vulnerable and in need of support, I can't fairly conclude that there was anything on the account that would have alerted the bank to that fact without a manual review taking place. And I can't say the bank was wrong not to manually review the account for the reasons set out above. Which means I can't uphold this part of his complaint either.

I've also considered whether or not Monzo's failure to confirm the date Mr M applied the gambling block to his account caused him any significant detriment. Having done so, I'm satisfied that while the delay in having this piece of information clarified was likely very frustrating, it didn't cause any additional problems for Mr M. So, I think Monzo's offer of £30 and an apology in its final response letter was sufficient.

I appreciate Mr M will find my decision very disappointing, but I hope he understands why I've reached the outcome I have.

### **My final decision**

For the reasons set out above I don't uphold Mr M's complaint against Monzo Bank Ltd.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 18 July 2025.

Karen Hanlon  
**Ombudsman**