

## The complaint

Miss W complains Bank of Scotland plc failed to provide her with appropriate support and intervene when she spent excessive amounts on gambling.

## What happened

Miss W held a BoS account, and in 2012 Miss W was granted an overdraft on the account. This was for £250. In 2018 it was increased to £1,250 and then the following day it increased to £1,750. BoS made the decision to close the account following a review in November 2018. Miss W cleared her overdraft in January 2019.

In late July 2024 Miss W contacted BoS to raise concerns about the handling of her account. Miss W said the overdraft provided was unaffordable in 2018 and she was concerned the bank didn't monitor her account in relation to gambling transactions in 2017 and 2018. Miss W says the transactions increased in value and frequency and the bank ought to have known she was vulnerable as she was only in receipt of benefits. To put things right Miss W asked for BoS to refund her overdraft fees and charges, and it should compensate her for some of the £65,000 she lost in gambling.

BoS reviewed Miss W's complaint and explained that some aspects of Miss W's complaint had been raised too late. But it did agree that the overdraft shouldn't have been increased in 2018. BoS refunded all charges and interest that incurred as a result of the increase, and it also offered to pay 8% simple interest on the amount. BoS said it didn't intervene with the gambling transactions in 2017 and 2018 as Miss W's account appeared in order and it wasn't aware of the gambling addiction she had at the time.

Unhappy with BoS's response Miss W referred her complaint to this service. An Investigator reviewed her concerns, and in summary made the following recommendations:

- BoS has a duty to support customers that are in financial difficulties but in this case Miss W's account didn't show signs of hardship as she wasn't persistently in her overdraft or showing signs of struggling to manage her account.
- BoS wasn't aware of the vulnerabilities Miss W has outlined, so it wouldn't be reasonable to expect it to have reached out to Miss W to see if she required help.

Miss W disagreed with the findings, and reiterated her concerns that BoS hadn't intervened when it should have. In particular Miss W explained that the funds she used were her children's and for their benefit, but she was able to access and spend these funds without any queries posed by BoS or restrictions placed on how much she could use. The Investigator reviewed these additional concerns and made the following additional points:

- Whilst a children's savings account should be run for the benefit of the child, there are no limits or restrictions on transactions on these accounts.
- The amount and value of payments to the same merchant didn't trigger any alerts – but it is for BoS to determine what money laundering or fraud systems it has in place.

Miss W remained unhappy and asked for the complaint to be referred to an ombudsman 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.

I'm aware that I've summarised this complaint above in less detail than it may merit. No discourtesy is intended by this. Instead, I've focussed on what I think are the key issues here. Our rules allow me to do this. This simply reflects the informal nature of our service as a free alternative to the courts.

I would like to start by thanking Miss W for being so honest and open with us and the bank in regard to her personal circumstances, especially her vulnerabilities and struggles with gambling. I appreciate the candour she has shown in explaining the impact this has had on her. I understand the period in question was especially challenging for her.

Having reviewed everything that Miss W has sent to us, along with everything that BoS has sent to us, it seems to me the first thing I need to do is establish when I think BoS should reasonably have been aware Miss W was vulnerable and in need of additional support. Miss W says at the time the activity on the account increased she wasn't employed and was only in receipt of benefits. The statements at the time support this, and I can see Miss W wasn't in receipt of a constant income. However, the account was receiving in credits and used regularly, without showing signs of financial stress. Although the account occasionally slipped into the overdraft, this was always for a very short period. Generally, it was well managed and there were sufficient funds for the amount being spent. Although the amounts spent on gambling did increase, there were funds being paid into the account to facilitate this. Miss W wasn't spending beyond her means, and I've not been able to identify any trigger or instance that could've alerted BoS to the fact Miss W was spending in a harmful way.

Miss W has also confirmed she didn't reach out to BoS and let it know of her struggles at the time. I appreciate this would've been a difficult step to take – but in order for BoS to assist her at this time it would've required pro-active steps from Miss W as the account itself wasn't highlighting her vulnerable state.

Miss W has also queried how she could spend such high volumes of money over a relatively short period of time without it triggering any checks with BoS. Miss W says that banks are obliged to monitor accounts, and its internal checks have essentially failed in this occasion. As a UK financial business, BoS is strictly regulated and must take certain actions in order to meet its legal and regulatory obligations. It's also required to carry out ongoing monitoring of an existing business relationship. This includes establishing the purpose and intended nature of transactions as well as continuing to carry out due diligence checks on account holders, and there may be penalties if they don't. The main purpose of this regulatory framework is to fight financial crime, fraud and protect customers – so the level of supervision Miss W refers to isn't for general account usage.

In terms of generally monitoring accounts however, it will be for BoS to determine itself what checks and systems it has in place. It is important to clarify that banks don't manually review accounts unless there's reason to. At most the sorts of checks that are run through accounts are done by algorithms that are designed to identify a specific issue or risk. So, an algorithm designed to identify fraud for example, won't necessarily identify what a consumer is spending money on, i.e. gambling, but merely whether or not there are any indications that the transactions weren't genuinely authorised by the consumer. Which means the algorithm

will report back that everything is fine because transactions are fully authorised, even if a person reviewing the same transactions might think they were excessive or representative of a different type of risk. In Miss W's case all the transactions were authorised by Miss W, and BoS's systems didn't pick up the account as being a 'risk'. I don't consider this to be unreasonable given the account activity, and I can't say BoS should've stepped in to restrict the account.

Another key issue Miss W has raised is that she was allowed unfettered access to the savings account of her children. Miss W made transfers over from this account and also withdrew cash and paid the funds into her current account. BoS has provided details of how its children's savings account work, and Miss W as a parent was able to open and manage the account in whichever way she deemed appropriate, and withdrawals could be made, subject to the standard checks. Essentially, Miss W was able to transact on the account and utilise funds, subject to the relevant terms. Miss W says when she went to branch the withdrawals from this account ought to have been questioned. However, Miss W had the relevant authority to access the funds, and there isn't anything within the terms that requires BoS to query withdrawals.

Further although the account should be run for the benefit of the relevant children, it is for the parent to determine what this means in practice. It isn't for BoS to question what Miss W is using the funds for or to prevent her from accessing them, as this is a subjective issue and not one BoS would be able monitor. Given the nature of the savings account I consider this access to be in keeping with how I would expect a children's savings account to function. So I don't think BoS acted unreasonably by allowing Miss W to make withdrawals from the account, and it wasn't under any obligation to query her requests or restrict access.

I understand this has been devastating experience for Miss W and that the impact of her addiction has been hugely detrimental both for her and her children. But BoS has an obligation to allow their customers to run their accounts the way they want to. And while BoS like other financial institutions have a duty to support customers with compulsive spending problems it can't refuse someone access to their funds when they request it. In Miss W's case I can't fairly hold BoS responsible for the losses Miss W says she has incurred.

BoS has offered to refund Miss W the charges and interest incurred by Miss W when she went into her overdraft following the increase in 2018, along with 8% simple interest. Miss W can contact BoS directly to accept this offer, if she hasn't already done so.

I know this will not be the outcome Miss W was hoping for and she will be disappointed with the decision I've reached. But I hope my decision provides some clarity around why I won't be asking BoS to take any further action.

### **My final decision**

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss W to accept or reject my decision before 25 July 2025.

Chandni Green  
**Ombudsman**