

## **The complaint**

Mr M complains about Lloyds Bank plc's responses to issues arising from gambling transactions on his accounts.

## **What happened**

Mr M complained to Lloyds Bank in January 2024 about issues including that it should've intervened when he was withdrawing large amounts of cash, its handling of his chargeback claims, it not making him aware that the gambling block on his debit card wouldn't carry over to his new debit card and it lending to him irresponsibly. Lloyds Bank declined his complaint so Mr M complained to this service.

His complaint was looked at by one of this service's investigators who, having considered everything, didn't think that Lloyds Bank had acted fairly. She didn't think that there was a reason for Lloyds Bank to reasonably suspect that there was an issue with the cash withdrawals, or that Mr M was in need of support, and she didn't think that the dispute that Mr M had raised about some of his payments to betting companies would succeed as chargeback claims. She didn't think that Lloyds Bank reasonably did enough to support Mr M with the gambling block being applied to his new debit card or that it was reasonable or responsible to approve his loan application. She recommended that Lloyds Bank should refund all fees, interest and charges payable under the loan (and if that resulted in a positive balance, to pay interest) and pay Mr M £500 compensation for the distress caused.

Lloyds Bank says that it's prepared to accept the investigator's recommendation (subject to some comments about how to deal with the loan) but Mr M has asked for his complaint to be considered by an ombudsman.

## **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.

The investigator considered Mr M's complaint under four headings and Mr M responded to her recommendations using the same headings. I consider that it will be helpful for me to consider Mr M's complaint under the same four headings.

*Lloyds Bank should've intervened when it saw that Mr M was withdrawing large amounts of cash*

Lloyds Bank said in its February 2024 final response letter to Mr M: *"I'm sorry you feel we've not provided a duty of care when you've been gambling on your account. We've never had contact from you informing us about your gambling activity. We don't monitor every transaction on a customer's account, and we'd only stop these if they appeared to be suspicious. You've also said we should be monitoring your ATM withdrawals. We'd not block ATM transactions unless you told us to not allow you to withdraw from ATMs".*

The investigator said: *"Mr M has said that since the account was opened, he has withdrawn a large amount of cash which was used to gamble at in-person venues. He's also said that this ought to have alerted Lloyds Bank to act which could've avoided the events that unfolded. Whilst I can see Mr M was making cash withdrawals, I don't agree that Lloyds Bank ought reasonably to have known that there was a problem or that they should've intervened. Banks have a unique oversight into how an account is being managed and there are situations in which we'd say a bank should've intervened to support their customer. However, the presence of cash withdrawals isn't suspicious in and of itself and I don't think that, even with the pattern of cash withdrawals, there was a reason for Lloyds Bank to reasonably suspect there was an issue or that you were in need of support".*

Mr M says, in response to the investigator's recommendation, that he opened his Lloyds Bank account in around 2018 and started visiting land based casinos in late 2020/2021 after he'd suffered some stress and trauma. He says: *"I've previously estimated that the value of cash withdrawals at casinos was around £25,000. The fact I was switching cash withdrawal blocks on my account, gambling blocks on my account, actively trying to put safeguards in place and I would be ringing Lloyds Bank at 2/3/4am to get my card unblocked to be able to continue gambling and getting asked questions like 'can you confirm it was you who tried to withdraw £1,000 at such and such casino', only for me to confirm and my card be unblocked. Obviously Lloyds Bank knew my income as well which couldn't support the spending. I believe enough happened here that Lloyds Bank should have been in touch eventually".* He's also provided a copy of a decision on a complaint that he says is similar to his but was upheld.

Mr M's savings account statement shows that he transferred a total of £25,140 from that account to another of his accounts on the same day in August 2023 and I can see that he then used that account to make 18 payments totalling £25,000 to two betting companies all on the same day. I've seen no evidence to show that Mr M had made Lloyds Bank aware of his gambling before January 2024 or that he'd asked it for any help, although he had applied a gambling block to his previous debit card (which is discussed below). I'm not persuaded that Lloyds Bank ought reasonably to have been aware from Mr M's previous use of his accounts, including cash withdrawals that he says he'd made for gambling, about his gambling issues. The payments to the betting companies were made from Mr M's positive account balance all on one day so there was no pattern of behaviour for Lloyds Bank to take account of. I consider that it's fair and reasonable for Lloyds Bank to say that it would only stop those payments if they appeared to be suspicious, but there was no reason for it to consider that they were suspicious.

This service considers each complaint on its individual merits but I've looked at the decision that Mr M has provided. The complaint on which that decision was issued relates to payments made to betting companies over a three month period and the ombudsman thought that there was enough evidence to say that intervention could've prompted a change

in the complainant's behaviour and thus reduced their gambling losses. Those circumstances are very different to Mr M's as the relevant gambling transactions all took place on one day and I'm not persuaded that it's fair or reasonable to expect Lloyds Bank to have intervened on that day.

*The chargebacks were handled poorly and would have succeeded*

Lloyds Bank said that Mr M had raised a dispute against the gambling transactions that he'd made and its disputes team contacted him to gather further information but his replies didn't contain the information needed.

The investigator was satisfied that Lloyds Bank had made it reasonably clear on what basis it could raise a chargeback and what it needed from Mr M in order to do it. She said that the disputes raised related to the gambling sites seemingly breaching the applicable rules and regulations and it didn't seem as though the disputes raised would succeed as a chargeback as it wasn't a valid dispute reason.

Mr M says that all of the emails and text messages that he sent went unanswered and he believes that a valid chargeback to a casino would be successful if it is shown that a casino failed to follow its terms and conditions, of which he believes he has evidence. He says that his complaint relates to the truly poor service that he received during the chargeback process and compensation is due regarding the whole chargeback process.

If a consumer disputes a card payment, the card issuer may be able to make a chargeback claim to the merchant under the relevant card scheme to try to settle the dispute. There's no right for a consumer to require that a chargeback claim be made and the applicable scheme rules set out the disputes that can be considered and the time limits for making a claim. If the right to make a chargeback claim exists under the applicable scheme rules, and if there's a reasonable prospect of success, I consider it to be good practice for a chargeback claim to be made.

Mr M received the gambling services that he'd paid for and, even if the gambling companies had failed to follow their terms and conditions (on which I make no finding), I don't consider that there was a reasonable prospect of the claims being successful. I'm not persuaded that Lloyds Bank acted incorrectly in deciding not to make chargeback claims for Mr M's payments in these circumstances or that it should pay any compensation to him relating to those claims.

*Lloyds Bank didn't make him aware that the gambling block on his debit card wouldn't carry over to his new debit card*

Lloyds Bank said: *"You said you applied a gambling freeze on your debit card, but when you reported your card lost, the freeze was removed. Before you apply the gambling freeze to the debit card, the terms and conditions state that when a card is reported lost or stolen, the customer will need to reapply the freeze to the account"*.

The investigator said that more could've been done to inform Mr M that the gambling block would need to be reapplied and, had it been, he may not be in the situation he is today so she thought that Lloyds Bank should pay some compensation to Mr M.

Mr M says: *"I have never seen any terms or conditions, the information you're both referencing is on the help and support page, it's for the customer to find rather than being given, not that the customer is even aware the information exists ... The events of the online gambling wouldn't have happened that night if the blocks were in place. Even if I had turned them off myself it has a 48 hour delay so I couldn't have gambled ... I believe the resolution*

*provided doesn't go anywhere near far enough in recognition of the above".*

I agree with the investigator that Lloyds Bank could have done more to inform Mr M that the gambling block would need to be reapplied to the new debit card that it provided to him. But if the gambling block was important to Mr M and he wanted it on his new debit card, I consider that it would be reasonable to expect him to have checked that the block was on the new card and to apply it if it wasn't.

This service offers an informal dispute resolution service and tries to resolve complaints by customers about financial businesses by looking at what is considered to be fair and reasonable in the circumstances. This service has no regulatory or disciplinary role over those businesses and I'm unable to require Lloyds Bank to change the way that it conducts its business. Lloyds Bank has accepted the investigator's recommendation that it should pay a total of £500 compensation to Mr M. I'm not persuaded that the issues with the gambling block justify a higher award of compensation than that or a refund of the gambling transactions that Mr M made.

#### *The September 2023 loan was irresponsibly lent*

Lloyds Bank said: *"You applied for a loan in September 2023. When you applied for the loan, we assessed the information you've provided. We'll also check your credit file. A decision will be made if the loan is affordable to you based on what you've informed us regarding your income and expenditure. As we hadn't been informed of your concerns around your gambling activity, we'd not have taken this into account. If we'd been informed about your gambling, we can apply support needs to your account to prevent further lending being approved for you".*

The investigator said: *"[In] September 2023, Mr M was approved for a £4,000 loan. The monthly repayments were £114.38 and the loan was for a term of four years. Based on what I've seen I'm satisfied Lloyds Bank's checks were proportionate and the loan repayments appeared to be affordable when compared with Mr M's income. At the time of applying, Mr M declared he had an annual income of £27,000 and monthly expenses of £400 which, as I understand it, was a £400 payment to his father.*

*However, it's not just the affordability of the loan I considered - I've also considered whether it was responsible of Lloyds Bank to approve the lending. I'm not persuaded it was responsible for Lloyds Bank to approve this loan so shortly after Mr M had used nearly £26,000 of his savings in the way he did. At the time Lloyds Bank received, and approved, the application it was clear from the transaction history of Mr M's account that there was a high chance Mr M was experiencing problem gambling. The amount of money used in such a short space of time ought reasonably to have alerted Lloyds Bank to this and I'm not persuaded it was reasonable or responsible to approve a lending application so soon.*

*It doesn't seem to be the case that the loan funds were used to gamble and a large proportion of the funds seem to have been transferred into another account, presumably a savings account. Whilst the funds weren't used to gamble, Mr M is still incurring costs from borrowing that I'm not persuaded it was responsible to give him - I've asked Lloyds Bank to do something about ...".*

Mr M says: *"It seems you, myself and Lloyds Bank have agreed that the loan was provided to me irresponsibly. You've mentioned before that the loan funds weren't used for gambling. I've since given you evidence that most of it was used for gambling and the resolution on this point has remained the same. Why mention the funds were not used for gambling if the resolution remains the same. So I haven't really benefited from the loan provided as most of it went to a gambling website. It's a struggle making the loan and credit card repayment each*

*month. I have no money anymore. I believe more needs to happen here given the above”.*

Lloyds Bank has accepted the investigator’s recommendation and has agreed to rework Mr M’s loan account to remove all interest and charges. I consider that to be a fair and reasonable response to the issues with the loan about which Mr M has complained. Mr M says that most of the loan was used for gambling and that he believes that Lloyds Bank should be required to do more. Mr M received the loan and he had the benefit of the money that he received. He used it for gambling but he could have spent it in other ways and I’m not persuaded that it would be fair or reasonable for me to require Lloyds Bank to write-off the loan in these circumstances.

### **Putting things right**

The investigator recommended that Lloyds Bank should refund all fees, interest and charges payable under the loan (and if that resulted in a positive balance, to pay interest on that balance). She also recommended that it should pay Mr M total of £500 compensation for the part it played in these events and the distress that was caused as a result.

Lloyds Bank has accepted the investigator’s recommendations and has agreed to rework Mr M’s loan account to remove all interest and charges and to pay him £500 compensation. I find that to be fair and reasonable in these circumstances. It’s clear that Mr M feels strongly that Lloyds Bank should be required to do more to compensate him so I appreciate that my decision will be disappointing for him, but I’m not persuaded that it would be fair or reasonable for me to require Lloyds Bank to take any action (other than the actions described above and set out below) in response to Mr M’s complaint.

### **My final decision**

My decision is that I uphold Mr M’s complaint in part and I order Lloyds Bank plc to:

1. Rework Mr M’s loan account to remove all interest and charges.
2. Pay £500 compensation to Mr M.

Under the rules of the Financial Ombudsman Service, I’m required to ask Mr M to accept or reject my decision before 13 March 2025.

Jarrold Hastings  
**Ombudsman**