

The complaint

Mr D complains that Monzo Bank Ltd ('Monzo') allowed gambling transactions to be made on his account and won't refund them.

What happened

In February 2024, Mr D opened a Monzo account. Between 14 April and 22 May 2024 he made multiple payments through a payment gateway company I'll refer to as T. The payments totalled over £12,000.

Mr D is signed up to Gamstop but says he found an offshore gambling company, who allowed him to transfer funds using T. Mr D says Monzo should've protected him as their customer.

Monzo says Mr D authorised the payments and wasn't tricked into making the payments, so they're not liable for his loss. Monzo say they referred Mr D to their wellbeing team but were told he already has support for his mental health.

Mr D wasn't happy with Monzo's response, so he brought a complaint to our service.

An investigator looked into Mr D's complaint but didn't recommend that Monzo refund him. The investigator felt Monzo should've been concerned on 21 May 2024, based on the number of payments Mr D had made. However, the investigator thought proportionate intervention would've been for Monzo to ask Mr D questions about the payments and provide an onscreen warning, based on the APP scam risk they identified. The investigator wasn't satisfied that this intervention would've prevented Mr D's loss.

Mr D disagreed with the investigator's opinion and asked for an ombudsman to review his case.

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.

In deciding what's fair and reasonable, I am required to take into account relevant law and regulations, regulators' rules, guidance and standards, and codes of practice; and, where appropriate, I must also take into account what I consider to have been good industry practice at the time.

Where there is a dispute about what happened, and the evidence is incomplete or contradictory, I've reached my decision on the balance of probabilities. In other words, on what I consider is more likely than not to have happened in light of the available evidence.

In broad terms, the starting position at law is that a bank is expected to process payments and withdrawals that a customer authorises it to make, in accordance with the Payment

Services Regulations (in this case the 2017 regulations) and the terms and conditions of the customer's account. Here, it's not in dispute that Mr D authorised these payments.

Monzo have agreed to apply the provisions of the Contingent Reimbursement Model Code (CRM Code), however it doesn't apply to Mr D's payments. I say this because the CRM Code only covers payments made as part of an APP scam, which is defined as "*where the customer transferred funds to another person for what they believed were legitimate purposes, but which were in fact fraudulent*". Mr D knew that he was making the payments to a gambling website, which is where the funds were sent. So, I'm not satisfied his payments were made as part of an APP scam.

Mr D says he's entitled to a refund as Monzo should've frozen his account or prevented these payments.

Monzo say they added a gambling block to Mr D's account on 19 February 2024. However, this block only stops card payments being made to a merchant with a category code for gambling. It doesn't block faster payments, which is how Mr D made his payments to T. Monzo say they weren't aware that Mr D was registered with Gamstop until after the payments had been made.

Are Monzo liable for Mr D's loss?

There is an expectation for Monzo to be on the lookout for, and to protect its customers from, potentially falling victim to fraud or scams. This includes monitoring accounts and identifying suspicious activity that appears out of character. Where potential fraud is identified, I would expect Monzo to intervene and attempt to prevent losses for the customer.

Based on the pattern of the payments, I'm satisfied that Monzo should've intervened on the 21 May 2024, when Mr D made seven payments totalling over £4,000. I would've expected Monzo to have asked Mr D questions about the payments and why he was making them, and to have provided an appropriate warning tailored to the APP scam risk they identified.

Unfortunately, I'm not satisfied that it's more likely than not Mr D would've been honest with Monzo if they had asked why he was making the payments. Mr D had a gambling block on his account which prevented him from making card payments to gambling websites. I think this is most likely why Mr D chose to use an offshore gambling site to make his bets, as it circumvented the block on his account. For this reason, I think it's unlikely that Mr D would've told Monzo that he was making the payments for gambling, as he would've realised that Monzo wouldn't have allowed the payments to continue. And there was nothing about the payee Mr D used that meant Monzo would've realised the payments were for gambling, as T are a payment gateway provider and not obviously connected with gambling.

So, I think it's more likely than not Mr D would've given a different reason for the payments, which meant Monzo wouldn't have uncovered that the payments related to gambling. I realise that the pattern of payments is concerning, but there could've been a genuine reason for the payments. And, even if Monzo had suspected the payments related to an APP scam, any scam warning they would've given to Mr D wouldn't have been effective as he wasn't making the payments as the result of a scam.

For completeness, even if Monzo had suspected that the payments were related to gambling, I have to consider whether this would've prevented Mr D's loss. Because Mr D had selected an offshore gambling site to circumvent the blocks on his account, I'm not satisfied that I could say it's more likely than not that Mr D wouldn't have found another away, or another account to use, in order to continue to make the payments. So, I'm not persuaded that I can fairly say Monzo could've prevented this loss.

I realise that gambling is an addiction and that Mr D has taken steps to protect himself, including signing up to Gamstop and asking for a merchant block to be placed on his account. However, I can only hold Monzo liable if I'm satisfied that they should've known these transactions related to gambling and could've prevented his loss. For the reasons given above, I'm not satisfied that is the case. I realise that other banks may've refunded Mr D, but that doesn't necessarily mean that I can require Monzo to.

I'm really sorry to disappoint Mr D but I'm not satisfied that I can't fairly hold Monzo liable for his loss or ask them to refund him.

My final decision

My final decision is that I don't uphold this complaint against Monzo Bank Ltd.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 25 November 2025.

Lisa Lowe
Ombudsman