

The complaint

Mr M has complained that Monzo Bank Ltd (“Monzo”) allowed gambling transactions to be processed on his account, even though he had a gambling block in place.

What happened

Mr M complained that Monzo Bank allowed multiple gambling transactions to overseas companies to take place on his account between July and September 2023, despite there being a gambling block in place.

Monzo issued its final response to the complaint on 4 October 2024 and didn’t uphold the complaint. In summary, Monzo said that Mr M had raised his concerns too late for a charge back to be carried out. Monzo also explained that, although a gambling block is in place on Mr M’s account, this does not prevent a payment going through if an overseas company uses a payment code unrelated to gambling.

After Mr M referred his complaint to this service, one of our investigators assessed the complaint and they didn’t uphold the complaint. In summary they thought that Monzo’s refusal to process a chargeback for the gambling transactions was fair and reasonable in the circumstances.

As Mr M didn’t accept the investigator’s assessment of the complaint, the matter was referred for an ombudsman’s 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.

Having considered everything, I don’t uphold this complaint for broadly the same reasons that the investigator provided. I will explain why.

Gambling block

In terms of the gambling block that Mr M had set up on his account, it is the case that there are practical limitations to how effectively a gambling block can work.

There are a number of reasons why a gambling payment may still be allowed, even when a gambling block is in place. One such reason, which seems to be the case here, is when a business chooses to use a Merchant Category Code (MCC) that doesn’t accurately reflect the type of business they carry out. Under UK law, gambling companies are required to use the correct MCC, so that any payments made to them are identified as being for gambling purposes. This ensures that gambling blocks work and to ensure credit cards are not used to make payments to gambling companies. But this law does not apply to overseas companies.

In this case, Mr M says the overseas gambling companies that he made payments to, deliberately chose to use an MCC not associated with gambling. And looking at the evidence provided by Monzo, it does appear to be the case that the MCC used for the gambling transactions were non-gambling related codes e.g. one of the merchants used a code for Digital Goods: gaming. This meant that when Mr M attempted to make the debit card payments to the overseas gambling companies, Monzo's systems wouldn't have been able to detect that the payments were in fact gambling related and therefore a payment that should be blocked.

The type of MCC used by the overseas companies is something that is entirely outside of Monzo's control. And so, I can't reasonably say that Monzo has acted unfairly or unreasonably by allowing the payments to proceed, despite the gambling block being in place on Mr M's account.

Mr M says that Monzo should go further with its gambling blocks. However, whilst that may be desirable, at the same time, given how many transactions a financial business like Monzo processes, I don't think it's necessarily reasonable or proportionate to expect Monzo to review all of the merchants that its customers pay money to (or may potentially pay money to), to check that the business activities of the merchant align with the MCCs they use. Indeed, I can't reasonably hold Monzo responsible for any apparent weaknesses or shortcomings that may exist in the card scheme's payment system – which is what Mr M appears to be suggesting I do.

Chargebacks

When a person uses a debit card to make payments to a company, their card issuer can use the dispute resolution system operated by the card scheme (MasterCard in this case) to try to claim back the payments in the event of certain types of dispute occurring. The rules for the dispute resolution system are set by the card scheme. They include stipulations as to how long a card issuer has to raise a dispute; the types of scenario for which a dispute can be raised; and the kind of evidence required to support one.

Chargebacks are not guaranteed to succeed in claiming a refund of payments made on a card. The recipient of the funds (in this case the overseas gambling companies) can choose to challenge or defend chargebacks if they don't think they are valid. If no agreement can be reached between the card issuer and the recipient, then Mastercard can be asked to rule on the dispute in a process called arbitration.

I think it may also help to explain that there is no general right for consumers to demand their card issuer attempt chargebacks. But, when faced with a consumer disputing a payment or payments made using their card, I would expect a card issuer to attempt a chargeback as a matter of good practice. But a card issuer (Monzo in this case) can only reasonably be expected to do so providing such a claim would be compliant with the card scheme rules and there is a reasonable prospect of a claim succeeding.

When considering if Mr M's chargeback claims would be compliant with the card scheme rules in this case, as Mr M is aware, there is a 120-day time limit for such a claim to be raised from when the transactions took place. There is a 540-day limit, but that is only applicable for the interruption of ongoing services. So I don't think that time limit applies here for individual gambling payments. The payments that Mr M has wanted to make a chargeback claim for occurred between July and September 2023. And Mr M raised the chargeback claim in September 2024. So Mr M made his chargeback claims much more than 120 days after the transactions in question. Because of this, I think that Monzo's decision not to pursue chargebacks for the transactions in question was fair and reasonable and in keeping with the card scheme's rules.

In support of his complaint, Mr M has said that the time limit should run from the date that he first realised that the MCCs don't match the underlying purpose of the payments. But MasterCard set these rules, not Monzo. So there is no way for Monzo to amend or circumvent the rules. And, as this complaint concerns Monzo's actions, I don't think it is necessary for the purposes of deciding this complaint, for me to comment on Mr M's suggestions as to how he thinks that MasterCard's rules should be changed.

Finally, Mr M has referred to two Financial Ombudsman Service decisions that he says supports his complaint. I have had a look at those decisions. But I don't think they mean that his complaint should be upheld. One of the complaints concerns chargebacks on a credit card issued under a different card scheme. In that complaint the timescales between the payments in question and when the chargeback was raised differ by a fair amount compared to the timescales in Mr M's complaint. The other complaint involves similar payments to the ones that Mr M has complained about (where merchants have used an incorrect MCC) on a debit card. But the payments in that complaint (which was upheld) occurred within the card scheme's chargeback time limits. In Mr M's case, he has raised his chargeback claims outside of the relevant time limit and that is the basis for why I think it was reasonable for Monzo not to have raised chargeback claims for Mr M.

So overall, I'm sorry to hear that Mr M has lost money to overseas gambling companies. And it's clear that Mr M has sought to reduce the opportunities available to him to gamble, by adding a gambling block to his Monzo account. But, given all of the circumstances of this complaint, I don't think that Monzo acted unfairly or unreasonably - firstly in allowing the payments to be made and secondly in refusing to process chargeback claims for Mr M.

My final decision

Because of the reasons given above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 28 May 2025.

Thomas White
Ombudsman