

The complaint

Mr P has complained that Starling Bank Limited refused to process a chargeback request for him for transactions that took place on his account.

Background

Mr P has told us he has a history of compulsive spending and problem gambling. In order to try to protect himself from harmful behaviour he placed gambling blocks on his account and registered with GAMSTOP. However, between January and August 2024 Mr P relapsed and gambled approximately £6,500 on unregulated gambling websites. He believes the transactions were only accepted because the merchant website used an incorrect merchant categorisation code ("MCC"), thus bypassing the gambling blocks he had in place. As such he believes he should be able to request a chargeback via the Mastercard rule relating to 'transaction laundering' as he feels the websites misrepresented themselves and if they had used the correct MCC the transactions would have been blocked.

Starling responded by saying there are no chargeback rights for gambling transactions and therefore it was unable to process a claim for Mr P on the transactions in question. As it didn't think it had made an error it didn't uphold his complaint.

Unhappy with Starling's response Mr P brought his complaint to our service. I issued a provisional decision on the complaint on 8 May 2025. In it I explained that having spoken to representatives from Mastercard I was satisfied that the rules made no allowance for gambling refunds and that the rules around 'transaction laundering' were not intended to be applied in circumstances such as Mr P's. So I didn't think the bank was wrong to not request the chargebacks on his behalf and didn't uphold the complaint. I asked both parties to respond to the provisional decision by 22 May 2025 and provide me with new information they'd like me to consider before issuing my final decision.

Starling responded to confirm it agreed with the findings in the provisional decision. Mr P responded to say he didn't agree with the findings. He mentioned that he'd had successful chargebacks via a different bank for similar transactions and so he doesn't believe the chargebacks would have been refused by Mastercard if Starling had requested them. He also disputed that he had received the services he requested given he had been unable to claim his winnings from the online casino he'd been using.

My findings

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'm still of the opinion that Starling didn't make an error when it refused to request chargebacks on the gambling transactions for Mr P.

I appreciate what Mr P has said about having successful chargebacks on similar transactions via a different bank. But I've not had any sight of those transactions, how they were processed or why they were successful so I'm unable to comment on them. Instead all I do is repeat that I spoke to someone from Mastercard who confirmed the rules for transactions laundering should not be applied in the manner Mr P wants to apply them and that chargebacks would be unlikely to be successful if processed in the way Mr P wanted them to be processed. So I still don't think Starling misinterpreted the rules, or how to apply them, in this case.

In addition, Mr P has said that he didn't get the services he was paying for, because he was unable to claim his winnings. While I accept that is true, the context in which I was alluding to Mr P getting the services he requested was in relation to whether or not he could make a claim for 'fraud' under a chargeback scheme. In this instance I don't think he can because he was actively gambling online, there was no unauthorised third-party involvement and Mr P was actively approving all of the transactions. So I don't think the rules around fraud chargebacks apply here either.

All of which is to say that I don't think Starling made an error in relation to Mr P's chargeback requests and I'm not upholding his complaint.

As neither party provided any new information for me to consider my findings remain the same as they did in the provisional decision. For the sake of transparency I will repeat those here.

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 P has confirmed that at the time he was making these payments he was aware that he was using a gambling website 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, Mr P 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 P has said that the Mastercard rule relating to 'transaction laundering' allows him to make a chargeback claim he believes the rule can be applied in scenarios where merchants misrepresent themselves and use incorrect MCCs in order to circumvent gambling blocks. In order to understand the designed purpose of that rule, and whether or not it could be applied to claims such as the one Mr P attempted to make, I contacted Mastercard directly.

In its submissions to this service, it confirmed that there are no chargeback rights for any sort of gambling transaction, such as the ones Mr P made, and that the rule relating to transaction laundering would not be applied in circumstances where an incorrect MCC has been used by a merchant in this way. It further clarified that the onus sits with the acquirer to

ensure that merchants are using the correct codes to identify themselves and that there are no charge back rights in the circumstances set out in Mr P's complaint. It also clarified if Starling had submitted the chargeback request for Mr P on the grounds he wanted it to, the claim wouldn't have been successful.

I do have a lot of sympathy for Mr P and what he has gone through. 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 Starling 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. And I'm satisfied that under those rules his claim would have been declined.

My final decision

For the reasons set out above and in my provisional decision of 8 May 2025, I don't uphold Mr P's complaint against Starling Bank Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 26 June 2025.

Karen Hanlon
Ombudsman