

The complaint

Mr B has complained Starling Bank Limited wouldn't use the international card schemes chargeback mechanism to secure him a refund for gambling transactions. He'd made these after unsuccessfully trying to close his gambling account with the merchant involved.

What happened

In March Mr B contacted a gambling merchant (who I'll refer to as F) and asked them to close his account. This wasn't done as he requested. Because of his condition, Mr B found it impossible not to gamble and spent money with F using his Starling card.

Mr B felt F had not met their obligations. He therefore asked Starling to make a refund request on his behalf using the chargeback mechanism. Starling didn't believe this would be worthwhile as they believed there were no chargeback rights for gambling transactions.

Mr B disagreed and brought his complaint to the ombudsman service. He specifically highlighted that another bank had successfully submitted chargeback requests.

Our investigator agreed with Starling that the chargeback mechanism should not be used to secure refunds for gambling transactions.

Mr B continued to disagree. He felt there were codes that Starling could have used which meant that F didn't provide the service as described as he believed F should have closed his account when requested. He was also concerned that Starling overlooked his situation as a vulnerable consumer. He's asked an ombudsman to consider his complaint.

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 done so, I've reached the same outcome as our investigator. I'll explain why.

Where there is a dispute about what happened, I have based my decision on the balance of probabilities. In other words, on what I consider is most likely to have happened in the light of the evidence.

When considering what is fair and reasonable, I'm required to take into account: relevant law and regulations; regulators' rules, guidance and standards; codes of practice; and, where appropriate, what I consider to have been good industry practice at the relevant time.

As Mr B is already aware the chargeback mechanism is not a consumer right but a voluntary scheme managed by the card schemes using detailed and manifold rules. We do expect financial institutions to use this mechanism in most cases. Except where the bank would expect there's no reasonable chance of success.

Unfortunately for Mr B, I believe his situation falls into that category. The chargeback rights specifically are not available for purchases related to *"gambling, investment or similar"*

purposes". I can see why Starling felt there was no point in starting off the chargeback process.

I know Mr B has told us another bank secured chargeback refunds, however that only suggests to me that his other bank decided to claim a chargeback despite the rules. There's nothing to stop them doing that but that doesn't mean I would require Starling to do the same.

I've looked at the other reason codes for chargebacks. I can see why Mr B argues that F didn't provide him the service he requested, that is to say, didn't close his account when he requested. The chargeback code Mr B refers to relates to transactions relating to the service or purchase of goods. In Mr B's case he wasn't purchasing a service, he was gambling. Those transactions from what I've seen were carried out in accordance with Mr B's instructions, so I don't agree with Mr B's interpretation of the reason code.

I've also considered whether there was anything else that Starling should have done here. At the time of the transactions, Mr B hadn't made Starling aware of his gambling addiction so there was no reason for them to intervene. So should they have done more afterwards? In fact I believe they met their obligations here and have made it clear to Mr B that he was able to use a gambling block that they offer customers.

All parties accept that Mr B authenticated and consented to the transactions in accordance with the Payment Services Regulations 2017 so there's no reason under these regulations why I should ask Starling to do more.

I note that Mr B subsequently accepted a settlement offer from F, although I believe he continues to have issues getting that fulfilled.

I don't think it would be fair and reasonable to ask Starling to do anything else.

My final decision

For the reasons given, my final decision is not to uphold Mr B's complaint against Starling Bank Limited.

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

Sandra Quinn
Ombudsman