DRN-5637435

Financial Ombudsman Service

The complaint

Miss B says that she has a compulsive spending habit which sometimes causes her to spend in an excessive and harmful way. Miss B complains that this spending pattern ought to have been picked up by Monzo Bank Ltd ("Monzo") and intervention and support offered and the failure to do this resulted in Miss B losing a significant amount of money.

What happened

Miss B holds an account with Monzo. Miss B enabled a gambling block on her account and found it didn't work as she expected, and she was able to still gamble on some websites. Miss B raised disputes about gambling transactions in April and October 2024, and in December 2024 complained that Monzo allowed her to gamble and failed to intervene.

Miss B got in touch further with Monzo via its CHAT regarding gambling concerns she had on 19 February 2025. Monzo's customer wellbeing team reached out to Miss B the following day to offer support and let her know about its gambling block and other tools and organisations that could help but at this point Miss B failed to respond or engage.

Following review of its records Monzo accepted that it could've been more proactive in providing Miss B with individual support and so to compensate for this it paid Miss B £80 for any distress and inconvenience caused.

Miss B was unhappy with this and brought her complaint to this service. Miss B says the gambling blocks didn't work as expected as not all gambling sites were blocked and wants Monzo to compensate her for her gambling losses.

Our investigator looked at all of this and thought that they hadn't seen enough to significantly suggest that Monzo had failed to identify signs of vulnerability before Miss B got in touch with it at which point they thought Monzo had offered appropriate support.

They explained there is no expectation for businesses to manually monitor accounts or employ mechanisms to look for gambling activity beyond the standardised Merchant Category Codes (MCCs) and so Monzo would've only likely become aware of Miss B's spending habits when she informed it there was an issue and so before this point they didn't think it would be fair to hold Monzo accountable for not taking action sooner as it would not have been aware there was an issue. Overall, they thought Monzo had taken reasonable steps within its power to support Miss B once it became aware of the situation and they though the £80 compensation paid is reflective of the service issue Miss B experienced.

Miss B disagreed and asked 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.

It might help if I explain my role is to look at problems that a consumer has experienced and see if the business has done anything wrong or treated the consumer unfairly. If it has, we seek to put the consumer back in the position they would've been in if the mistakes hadn't happened. And we may award compensation that we think is fair and reasonable.

Miss B complains Monzo's gambling block didn't catch all gambling transactions and that Monzo failed to intervene and provide her with proper support and wants to be fairly compensated for this.

I sympathise with Miss B and the struggles that she has and I hope she is now in a position where she is getting the right help and support for this. It might be helpful for me to say here that, as we are not the regulator, I cannot make a business change its systems or processes – such as what it must have in place to assist customers with their spending or what accounts should be monitored for. We offer an informal dispute resolution service and we have no regulatory or disciplinary role.

That said while I wouldn't tell Monzo what tools it needs to have in place to support a customer with a gambling addiction and nor would I expect it to monitor an account for gambling transactions above the standardised labelling with MCCs - indeed, gambling isn't illegal and a customer should be free to spend their money as they please - but I would expect a bank to step in and offer appropriate support where I consider it should've reasonably become aware there might be a problem.

I've thought very carefully about whether Miss B's account activity and contact with Monzo should've been enough to alert Monzo that something may have been wrong and that it needed to step in. And although the statements do show some gambling activity – mainly after 15 November 2024 following Miss B disabling the gambling block - I don't think this on its own is enough to suggest there is a problem and that Monzo should've stepped in and offered support.

The statements show that Miss B's account doesn't appear to have any loan or credit card payments coming out of it and it doesn't appear to be her main account where her essential bills are paid from - but rather an account used for leisure activities and spending on discretionary items. The account had regular credits in and there wasn't anything obvious I think which could've alerted Monzo to take a closer at the activity on the account and that something might be wrong.

So although the statements show gambling activity I don't think it could be reasonably concluded that this is enough to say that Miss B might be having difficulties and spending in a way that was detrimental to her and that Monzo should've stepped in. And although Miss B raised disputes about some of the gambling transactions on her account prior to December 2024 these I think they were more to do with the merchants behaviour and not the gambling transactions themselves.

In any case Miss B was already aware of and able to use the gambling block tool Monzo had available to support customers with their gambling and was aware of its limitations. Indeed, Miss B made Monzo aware of this herself was given a warning whenever she enabled the block that Monzo couldn't guarantee it would catch all gambling transactions and that she'd still be liable for the transactions that weren't caught or blocked which I don't think is unreasonable.

I say this as gambling blocks work by blocking transactions that match merchant codes recorded as gambling. Merchant codes are applied by the merchant and not the business or bank. This means that if a customer makes a transaction that doesn't have a merchant code linked to gambling, the bank wouldn't be able to block the transaction.

I don’t think Monzo should be penalised for the limitations in the tools it has for supporting customers with a gambling problem that are out of its control. Not being able to easily block all gambling transactions because the merchant doesn’t categorise them as gambling, isn’t an error on Monzo’s part – it simply isn’t possible.

In Miss B’s case Monzo has shown that Miss B was able to successfully use the gambling block tool to both apply the block and to disable it the last time being 15 November 2024.

But having the ability to disable the gambling block doesn’t mean Monzo treated Miss B unfairly. Nothing is fool proof, and the gambling block isn’t a cure, it is there to act as a deterrent and to assist Miss B in managing her money by adding an extra step when she wishes to gamble and forcing her to think about what she is doing when removing the block for a minimum of 48 hours. And I don’t think it would be fair to expect Monzo to make those decisions for Miss B or deny her the ability to make that decision.

However, I do think Monzo could’ve provided more information on other help and support available for Miss B other than the gambling block sooner than it did on 20 February 2025. I say this as by December 2024 Miss B had made Monzo aware she was vulnerable and had a problem with her gambling.

But I think even if Monzo had provided this information earlier I don’t think it would have made a material difference as Miss B was already utilizing the main gambling tool Monzo had available and was disabling the block whenever she wished to gamble. And despite Monzo’s customer wellbeing team reaching out to Miss B she failed to respond and engage with it about her gambling.

So although I sympathise with Miss B’s troubles and I think Monzo could’ve potentially provided information and support to Miss B sooner than it did, I don’t think it would’ve made a difference as I’m not persuaded Miss B wouldn’t have still gambled and so I don’t think it would be fair to ask Monzo to refund Miss B for her gambling transactions.

And as Monzo has recognised its service should’ve been better and compensated Miss B £80 for this – which I think is fair – I’m not going to ask Monzo to do anything more.

My final decision

For the reason's I've explained, I think what Monzo Bank Ltd has already done to settle Miss B's complaint is fair and I'm not going to ask it do anything more.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss T to accept or reject my decision before 5 August 2025.

Caroline Davies
Ombudsman