DRN-5699829

The complaint

Miss W complains that Starling Bank Limited failed to pursue a chargeback.

What happened

In March 2025 Miss W made a number of deposits to an online gambling company based overseas. The payments made from her Starling account totalled £1,798.63. Miss W had a block on gambling payments, but these were not effective for payments to this overseas company.

Miss W established the company was not licensed in the UK and it appears at the time of her deposits the company's overseas licence had expired, but was later renewed. When she realised she had lost her money she contacted the company to seek a refund. It refused and pointed to its terms and conditions. It explained that once funds have been utilised to access its services they cannot be refunded.

Miss W contacted Starling on 15 March 2025 and asked that it recover her funds. It explored the option of a chargeback, but concluded this would not be successful due to Mastercard's rules covering gambling deposits. Miss W complained and explained that the nature of her dispute was based on the company not being properly licensed and unauthorised. She explained she would not have used the company if she had realised this. Starling rejected her complaint and so she brought the matter to this service. It was considered by one of our investigators who didn't recommend it be upheld.

Miss W didn't agree and asked that the matter be considered by an ombudsman. She also raised a separate point about the bank not being supportive and she referred to the gambling block she had activated not working.

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.

I have every sympathy with Miss W, but I do not consider I can uphold her complaint. I will explain why.

I want to acknowledge that I've summarised the events of the complaint. I don't intend any discourtesy by this – it just reflects the informal nature of our service. I also want to assure Miss W that I've reviewed everything on file. 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.

The route Miss W asked the bank to use to get her money back is a chargeback. This is a voluntary scheme run by the card scheme operator (here it's Mastercard) to process settlement disputes between the card issuer (such as Starling) – on behalf of the cardholder (Miss W) – and the merchant (here it's the online gambling company). It is not a legal right that the cardholder has.

Mastercard sets the chargeback rules and time limits for transactions made using the MasterCard card scheme. And it is Mastercard that decides whether a chargeback is successful – the card issuer simply makes a request on the cardholder's behalf. If the card issuer knows it is out of time, or is unlikely to succeed, I wouldn't necessarily expect it to raise a chargeback.

Miss W has implied that Starling should help her enforce her rights under consumer law in the same way a court might. The only way Starling could have helped her is through the chargeback process and it's important to note the chargeback scheme is not subject to these legal provisions. This is because a chargeback is not a legal right but a commercial scheme subject to the rules set down by the card scheme operator, which are governed by the card scheme operator and which Starling needs to follow.

Mastercard's rules deals with gambling transactions and these state:

'For transactions in which value or assets are purchased for gambling, investment or similar purposes, this chargeback right is only available for a transaction in which the purchase value of assets failed to appear in the account agreed to between the cardholder and the merchant. For the avoidance of doubt, chargeback rights are not available for

1.refunds, withdrawals or transfer requests,

2.Terms and conditions or account access,

3.winnings, gains or losses, or

4. use or subsequent use".

Those rules mean that a chargeback would not be effective despite the evidence Miss W has provided about the company's lack of a license. That means I cannot safely conclude that Starling was wrong when it decided not to make a chargeback. Quite simply Mastercard's rules do not support such a claim.

On the other issues raised by Miss W I can see the payments were made and authorised by her and I can see no basis for Starling intervening. I understand Miss W had applied a block to her card to prevent gambling transactions. The bank explains that the block will "stop card payments to businesses that categorise themselves as gambling operators". It seems that the overseas gambling company did not categorise themselves as such and so the block was not effective. Starling didn't guarantee all gambling payments would be blocked and so I cannot say it did anything wrong in allowing the payments through.

I can see that the transactions were not of such a nature that it would give the bank cause to regard them as suspicious. Miss W had a history of using this account for making overseas payments and funding it with regular top ups.

I appreciate Miss W felt unsupported, but having reviewed the exchanges between her and the bank I believe it did what it could but regrettably it was not able to retrieve her funds.

I appreciate Miss W will be disappointed with my decision and I do sympathise with her, but I do not consider I can uphold her complaint.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I’m required to ask Miss W to accept or reject my decision before 1 October 2025.

Ivor Graham
Ombudsman