

## **The complaint**

Mr M complains Monzo Bank Ltd failed to identify and take any action when he began spending compulsively. He believes he's lost out as a result and would like Monzo to compensate him this.

Note:

Whilst Mr M has brought this complaint with the assistance of a representative, I will refer to him as he is the customer of the bank and this is his complaint.

## **What happened**

A summary of what happened is below.

Mr M held an account with Monzo. Between May and July 2024, he made a large number of transactions. In October, he complained to Monzo about this. He said he'd suffered a serious and acute gambling episode, transacting with gambling companies losing around £40,000. He highlighted he had a gambling addiction which was a vulnerability, and Monzo should have identified the spending was out of character for how the account had been run. He believed Monzo should have stopped him from spending the money he had.

Monzo looked at things but didn't think it had made a mistake. It noted Mr M hadn't reached out to it prior to his complaint, so it couldn't have reasonably been aware of his addiction. It had, however, taken a retrospective look at the account, but most of the transactions were to a cryptocurrency platform and wallets, which it had no way of knowing what the funds would be used for. And it couldn't see any transactions to the gambling businesses Mr M had detailed in his complaint. It said there was a gambling block linked to his banking app, which he could use, to help manage the account in the future.

Dissatisfied with the response, Mr M contacted us. One of our investigators looked at the evidence but they didn't think the bank had failed to offer support where it should have been clear it was needed; he found that the crypto platform to whom Mr M had made the majority of payments, was a permitted financial activity which didn't come under gambling for the purposes of Mastercard Merchant Codes (MCC) that banks used to pinpoint what payments are for. Looking at the account, he didn't find any indicators that ought to have concerned Monzo and prompted intervention.

Mr M didn't agree - he asked for his complaint to be escalated to an ombudsman in line with the second and final stage of our process. In doing so, he said, the account had practically been dormant prior to when the compulsive spending had begun. The volume of transactions to the crypto platform while permitted, should have triggered curiosity, even from an anti-money laundering perspective, as it was highly unusual activity. He believed Monzo had fallen short in this regard and there was a case to answer.

## **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 agree with the outcome reached by our investigator. I know this will come as a disappointment to Mr M, so I've set out my reasons below.

I think it would be useful to clarify that manual reviews, where a staff member actively reviews the account, only happen when there is a specific risk identified that prompts the business to think such a review is necessary. Or where a consumer asks for a review directly or has an agreement in place with the business that such a review will take place, which wasn't the case here. I'll say more below.

MCCs which have been referenced are used by merchants to help banks and credit providers recognise what sort of products are being purchased. There are individual codes for lots of different types of things, for example travel, clothing, dining, and gambling all have their own individual unique codes. I've looked at the codes for the transactions which were mostly to a crypto platform and wallets, and these don't relate to gambling. And such payments are permissible, so there's nothing in relation to the transaction type that I think ought to have flagged. Furthermore, it's not disputed that Mr M hadn't told Monzo about his situation in relation to his spending prior to it taking place.

I've gone on to consider the activity on the account to see if there were any signs of concern.

The account wasn't dormant prior to May 2024 – Mr M had been using it. I accept the frequency of the transactions and amounts increased but that can legitimately happen without there being an underlying issue.

Mr M was at times using an overdraft facility, but this was within the agreed limit he'd been approved. When he'd used a portion of the facility, he also brought the account back into credit. In fact, looking at the relevant period, he transferred money into and out of the account in a way that suggested he was managing the account. There weren't any failed payments, and Mr M had sufficient funds to make the transactions, so I can understand why there wouldn't have been any flags that his spending was a problem.

Mr M has submitted the bank should have been curious if only on the grounds of anti-money laundering controls. I think this argument is perhaps a stretch and, in any case, this wasn't what was happening here, so I don't consider it adds anything.

I appreciate Mr M feels strongly Monzo should have intervened and helped protect him from spending the money he's lost, but I haven't seen anything persuasive that leads me to conclude that it should have done more. As well as this, Monzo has said it is happy to reach out to him by phone to offer support. I can also see that it has also signposted him to the block in his app. All things considered; I don't find Monzo fell short and therefore, I'm not going to require it to do anymore to resolve the complaint

### **My final decision**

My final decision is that 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 26 August 2025.

Sarita Taylor

**Ombudsman**