

The complaint

Mr H complains that Lloyds Bank PLC (“Lloyds”) failed to support him as a vulnerable customer in that he was allowed to make gambling related transactions on his credit cards.

What happened

Mr H successfully applied for two credit cards with Lloyds in March 2019 and August 2021. In February 2025, Mr H complained to Lloyds saying they had failed to block transactions to gambling companies or offer him any safeguards to prevent him using the cards in this way. Mr H also complained that he had gambling blocks on his credit cards, but these didn’t prevent certain transactions going through and Lloyds had failed to adequately explain the limitations of the gambling blocks.

Lloyds upheld Mr H’s complaint. They agreed they shouldn’t have provided Mr H with both credit cards given his financial situation and the extent of his gambling addiction. Lloyds refunded interest and fees totalling £622.27 on one card; £487.22 of which was used to repay the outstanding balance with the remaining amount being paid to Mr H along with interest. Lloyds also refunded £686.27 of interest and fees on the other card which was used to repay the outstanding balance on that card. This left a balance remaining which Lloyds says Mr H is responsible for paying.

Lloyds closed both cards, so Mr H is no longer able to use them for spending.

Our investigator didn’t uphold Mr H’s complaint. She said Lloyds weren’t able to block the transactions in question as the merchant hadn’t identified them as gambling ones. And she felt Lloyds had acted fairly by refunding all interest and fees applied to his credit cards.

Mr H didn’t agree and so his complaint has been passed to me for a 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.

Firstly, I’d like to say how sorry I am to hear of the emotional and mental impact this matter has had on Mr H. I’d like to thank him for being so open about the difficulties he’s faced over the years.

As a starting point, I note that Lloyds has refunded all interest and fees applied to both credit cards. This is because they accept they should never have approved these applications. Generally, we think this is a fair and reasonable way to address cases where credit shouldn't have been granted to a customer, as this will mean the customer will only be liable for purchases they made on their accounts.

Mr H has though pointed out that he was still allowed to make gambling-related transactions despite gambling blocks being in place, and Lloyds failed to help prevent him from making them despite there being clear warning signs about his pattern of spend.

It's important to clarify that banks don't routinely monitor transactions on accounts. So, there was no one in Lloyds who was reviewing the information on Mr H's accounts. Manual reviews, where a staff member actively reads account statements and sees the types of transactions that are taking place, only happen when there is a specific risk identified that prompts the bank to think such a review is necessary. Or where a consumer asks for a review directly or has an agreement in place with the bank that such a review will take place.

Most of the time banks rely on algorithms to identify risks to the account and the account holder. And those algorithms are mainly designed to look for things like evidence of financial harm, such as payments being missed or credit limits being exceeded for prolonged periods of time. I haven't though seen evidence that Mr H was routinely exceeding his credit limits or missing payments.

I note also Lloyds has confirmed that Mr H applied a gambling block on one card in March 2021 and one to the other card in August 2021. So, it does seem that Lloyds were able to offer some practical and appropriate help for Mr H to help prevent him from gambling.

I realise that Mr H was still able to gamble using overseas gambling merchants. Unfortunately, gambling blocks won't identify and block those transactions where the merchant doesn't present those transactions as being gambling, which is what happened here. That is an obvious limitation of a gambling block, but I'm afraid I don't agree with Mr H that Lloyds should have explained what transactions could still be processed despite a block being in place. That would in effect allow someone vulnerable to know there were ways to bypass blocks and still gamble. And I've not seen evidence that the gambling blocks failed in that they allowed identifiable gambling transactions to go through.

Lloyds has refunded all interest and charges applied to both cards. I think that's a fair outcome in the circumstances, and I don't think Lloyds should refund all the gambling-related transactions Mr H made, as he has requested. I do appreciate that Mr H was clearly vulnerable and in need of support. But I can't say Lloyds acted unfairly towards him or were wrong not to manually review the account, which I think is what Mr H feels they should have done, for the reasons I've set out above.

I've also considered whether Lloyds acted unfairly or unreasonably in some other way given what Mr H has complained about, including whether its relationship with him might have been unfair under Section 140A of the Consumer Credit Act 1974. However, and for the same reasons I've set out above, I haven't seen anything to make me think this was likely the case.

I appreciate Mr H will find my decision very disappointing but having considered everything, I won't be upholding his complaint.

My final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 20 November 2025.

Daniel Picken
Ombudsman