

The complaint

Mrs R complains that Bank of Scotland plc ("BoS") acted irresponsibly by providing her with an overdraft facility and failed to take steps to stop her using her account for gambling transactions.

What happened

BoS agreed to give Mrs R an overdraft in May 2019 for £250, increasing it to £2,500 in August 2019. It was decreased in October 2023 and then increased to £1,960 in July 2024.

Mrs R says BoS shouldn't have increased her overdraft. She also says that, despite having a gambling block in place, she was still able to make multiple overseas transactions via unlicensed operators.

BoS has since agreed to uphold Mrs R's complaint from November 2020, having seen a large number of gambling transactions, refunding the overdraft fees and charges and also removing the overdraft facility.

Mrs R says BoS ought to have done more to prevent the unlicensed overseas transactions she made, that enabled her to gamble.

Our investigator thought the BoS offer was fair and that it didn't need to do any more by way of checking her account transactions.

As Mrs R is unhappy with our investigator's finding, the 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.

We've explained how we handle complaints about unaffordable and irresponsible lending on our website. And I've used this approach to help me decide Mrs R's complaint.

I've decided that BoS doesn't need to do anything more. I'll explain why. I think the checks BoS used when agreeing the overdraft limits were reasonable and proportionate, given the overdraft limit being granted and what it knew about Mrs R's financial situation.

The rules lenders must follow are set out by the industry regulator, the Financial Conduct Authority, in its Consumer Credit Sourcebook ('CONC'). CONC 5D.2 and 5D.3 set out what a business must do to intervene where a customer is repeatedly

using their overdraft. I've kept this in mind when considering whether BoS acted fairly and in line with its obligations under CONC.

I think the checks BoS used up to November 2020 were enough to monitor and review Mrs R's overdraft usage. Although she was making regular use of her overdraft, there were no significant signs of financial distress. By November 2020 though, the situation had changed given that Mrs R had stopped receiving a salary and yet was continuing to gamble.

Mrs R has told us about her level of gambling transactions on the account. She was able to use the gambling block facility for her account if she chose to. But the block won't stop transactions which don't show as businesses that are classed as gambling merchants, as set out in the gambling block guidance. BoS has said that debit card payments aren't stopped because they are guaranteed to be paid by the card issuer. It also doesn't work with Faster Payments or open banking.

Gambling transactions are generally legal transactions that a consumer does voluntarily. So we wouldn't reasonably expect a business to intervene in some way unless and until there's evidence of their financial circumstances deteriorating. Also, Mrs R didn't notify BoS that she had an issue with gambling.

I've seen Mrs R's response to our investigator's view so I realise she will be disappointed by my decision. But I haven't seen enough to be able to say that BoS didn't take reasonable and proportionate steps to monitor and act on how she was using the account other than after 20 November 2020.

It follows that I consider BoS's upholding of part of this complaint and its offer of compensation to be fair. But I don't think it needs to do more.

I've considered whether the relationship between Mrs R and BoS might have been unfair under Section 140A of the Consumer Credit Act 1974. However, for the reasons I've already given, I don't think BoS lent irresponsibly to her or otherwise treated her unfairly. I haven't seen anything to suggest that Section 140A or anything else would, given the facts of this complaint, lead to a different outcome here.

My final decision

Bank of Scotland plc has already made an offer to settle part of Mrs R's complaint, and I think that offer is fair in all the circumstances. I don't think it needs to do anything more in relation to the remainder of Mrs R's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs R to accept or reject my decision before 12 January 2026.

Michael Goldberg
Ombudsman