

## The complaint

Mr P complains that Monzo Bank Ltd let him make deposits to an online gambling company without stepping in.

## What happened

Mr P complains about a series of gambling transactions he made to a gambling operator that is not licensed in the UK. Mr P says that Monzo processed the payments without intervening despite evidence of deceptive coding by the operator and high-risk behaviour on his part. Mr P thinks that Monzo failed in its' duty of care to recognise that he was a vulnerable customer with a gambling addiction.

Mr P says that between 13 September 2024 and 19 January 2025, he paid the gambling operator more than £45,000. Mr P accepts the transactions didn't look like they were gambling deposits because the merchant didn't use gambling related merchant codes. Mr P also says he didn't make Monzo aware of his gambling addiction before complaining in June 2025. But Mr P says that Monzo has a responsibility to monitor accounts for signs of harm, especially when patterns of behaviour suggest financial distress, fraud or addiction.

Monzo explained that it didn't know about any vulnerabilities before Mr P complained in mid-2025. Monzo said that as the merchant didn't use gambling Merchant Category Codes (MCCs), it wouldn't have identified the payments Mr P made as gambling transactions. So, even if there had been a gambling block in place, the transactions would not have triggered it to reach out for support as it could not have identified them as gambling transactions.

After Mr P brought his complaint to our service, Monzo offered £75 compensation to apologise for not immediately referring him to its' vulnerable customer team after he complained about the payments.

Our investigator didn't think that Monzo had reason be suspicious of the payments Mr P made based on his account history. She noted previous larger payments, including gambling transactions. Our investigator said that the MCCs which the merchants used didn't relate to gambling so Monzo wouldn't have been aware of their true nature. And Monzo wouldn't have known that the merchants weren't licensed in the UK.

Our investigator thought that even if Monzo had intervened in any of the transactions, it would only have been to check that Mr P was making the payments. She thought the most which Monzo could have done was to refer Mr P to GAMSTOP – a service he had already used. So, our investigator didn't think an intervention would have stopped Mr P from making the payments.

Our investigator said she could ask Monzo if its' offer to pay £75 compensation was still available.

Mr P disagreed with the investigation outcome. In summary he thought:

- our investigator had overlooked the question of whether Monzo had enough

information from the transactions alone to suspect foreseeable harm and act accordingly. Mr P referred to the Consumer Duty on this point and said that vulnerable customers will often struggle to contact their banks when faced with personal difficulties.

- there had been an over-reliance on the MCC coding rather than a consideration of his spending patterns over many years which showed a sustained pattern of gambling.
- our investigator had missed the fact he moved funds from other accounts, including credit cards and loans, to fund his gambling.
- it wasn't reasonable to treat large payments from his Monzo account as established behaviour without considering the harm related to sustained gambling.
- gambling credits did not negate the harm to him.
- Monzo should explain whether and how it applied behavioural analysis to the transactions he was making.
- our investigator's speculation that an intervention by Monzo would not have helped was unfair.

Mr P made further comments about changes Monzo has made to tighten gambling controls since he complained, together with what he says is an admission of failure on Monzo's part.

Our investigator went back to Mr P on the points which he raised in response to the investigation outcome. In summary, she said she had considered the FCA's Consumer Duty but didn't think there was enough to say that Monzo should have intervened in the transactions. Our investigator didn't think the source of funds into Mr P's Monzo account looked suspicious.

Our investigator thought that as Mr P had already used GAMSTOP in the past, even if Monzo had spoken to him about the transactions, he was already aware of the resources available to him.

Our investigator said that as the MCCs didn't relate to gambling, Monzo wouldn't have been aware of the true purpose for the payments.

As Mr P still isn't happy with the investigation outcome, the complaint has now come to me to decide.

### **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 realise that I have summarised this complaint in less detail than the parties and that I have done so using my own words. The informal nature of our service, together with the rules which we must follow, allow me to take this approach. But this doesn't mean I have not read and considered everything the parties have given to us. If I don't mention something, it won't be because I have ignored it. It will be because I didn't think it was material to the outcome of the complaint.

First, I am sorry to hear about the difficulties Mr P has been through because of his gambling

addiction. I am glad he has been able to get help and stop gambling.

As far as I am aware, Mr P doesn't dispute that he authorised transactions. And although he is unhappy that the gambling merchant used misleading merchant codes, Mr P doesn't allege that he lost money to a scam. So, the issue for me to decide is whether I can see any reason why Monzo should have intervened in the transactions, given the circumstances and vulnerabilities which Mr P has explained to us.

The evidence I have seen shows that until Mr P contacted Monzo in June 2025, he had not previously told it about his compulsive gambling. So, this isn't a situation where Monzo failed to respond to a disclosure of a gambling problem by Mr P. I thought it might be helpful to make this clear at the outset.

But as Mr P rightly said in his responses to our investigator, the fact he didn't tell Monzo that he was struggling with a gambling addiction is not the end of the story. I need to consider whether Monzo should have been doing more to potentially identify Mr P as a vulnerable customer and if so, whether it should have done more to prevent his losses.

FCA guidance from 2021 regarding vulnerable customers explains that businesses should monitor accounts for 'unusual activity'. This guidance is aimed as a trigger for front-line staff within businesses, describing what to look out for when 'engaging with customers'. This suggests that Mr P would have needed to have engaged with Monzo for it to have had any opportunity to recognise unusual activity, and as I have explained above, I am not persuaded this happened from the evidence provided by both parties. This is not to downplay the point which Mr P made to our investigator that his sense of isolation and shame meant he couldn't disclose his problems to Monzo. It's just to say that without any engagement with Mr P, it was hard for Monzo to recognise that he may be vulnerable.

From July 2023, the Consumer Duty requires firms to consider customers' vulnerabilities. Banks such as Monzo need to 'monitor consumer outcomes' and use insights to take action to prevent foreseeable harm. However, banks can't stop customers making authorised debit card payments. So, banks don't generally monitor customer accounts for gambling activity as gambling is a legitimate activity. Banks are required to intervene in transactions where there is a suspicion of fraud but won't be liable for the spending patterns of their customers.

Although the algorithms which businesses such as Monzo use to monitor their customers' accounts can look for evidence of financial harm, this would usually include things such as direct debits being returned as unpaid, or customers going into unarranged overdrafts or exceeding their agreed limits. In Mr P's case, I haven't seen any evidence to suggest that payments were returned as unpaid and his account was always in credit. So, I don't consider Monzo missed any clear signs that Mr P might be experiencing financial harm.

Mr P thinks that Monzo should have taken notice of the fact he was moving funds from other accounts to his Monzo account to fund the gambling transactions. I don't want to appear dismissive of this as I recognise that customers often use one bank account to support their gambling habit. But I don't think the fact that Mr P regularly credited his Monzo account from his other accounts was in of itself a reason for Monzo to have been concerned. Particularly as Monzo couldn't tell from the merchant codes that the transactions Mr P was funding from his Monzo account related to gambling activity. Instead, the merchant codes related to categories such as art dealers and galleries, digital content like music, films and e-books and financial institutions. This makes it difficult for me to find that Monzo should have been aware that Mr P was moving money from other sources to his Monzo account to make gambling deposits. So, I can't say that it missed any obvious signs of harm due to compulsive gambling.

Our investigator has already explained that she doesn't think that the size and frequency of the disputed payments should have led Monzo to intervene. I agree with this. Mr P's Monzo account shows a history of making frequent payments on a daily and weekly basis. Although there were times when Mr P made multiple payments in the same day – for example two payments to the same merchant on 19 November 2024 totalling more than £4,000 – without some other risk indicator of potential fraud, such as the money going to an identifiable cryptocurrency merchant, I would not have expected Monzo to ask further questions before processing the transactions.

Mr P has historically used his Monzo account to make gambling payments and confirms that he is not complaining about these earlier transactions. But I do think that they add to the overall picture that making transactions of this kind wasn't out of character for Mr P. This makes it difficult to say that Monzo missed opportunities to identify concerns with the payments Mr P now complains about, especially as they wouldn't have obviously appeared as gambling transactions at the time he made them.

For all the reasons outlined above, I don't consider Monzo missed any clear signs of vulnerability on the part of Mr P. So, I don't think there was any failure on the part of Monzo to act in line with the guidance set down by the FCA, including any obligations placed on it by the Consumer Duty.

I appreciate Mr P considers that Monzo's recent apology and offer of compensation for not reaching out to him once it was aware of his situation, is an acknowledgment of failure which directly relates to the period when his losses were spiralling. But I respectfully disagree with this assessment. Monzo apologised for not contacting the vulnerable customer team once Mr P shared details of his circumstances in mid-2025. This doesn't mean that Monzo should've reached out to Mr P before he shared the information, nor does it mean that Monzo failed to spot signs of Mr P's vulnerability before he made it aware. So, this doesn't change my decision not to require Monzo to refund any of the gambling transactions.

I think that Monzo's offer to pay £75 compensation for this oversight is fair. I say this as I don't have evidence that Mr P continued to use his Monzo account for gambling transactions past early 2025. The fact that Monzo didn't immediately refer Mr P to its vulnerable customer team once he raised his concerns in mid-2025 didn't lead to further, potentially avoidable losses. So, a small award of compensation to apologise for not referring him sooner once he complained is fair in the circumstances.

I recognise that Mr P disagrees with our investigator's view that an intervention by Monzo wouldn't have made a difference. But as I don't find that Monzo failed to intervene in any of the disputed transactions, I don't consider it necessary to make a finding on whether an intervention would have likely helped to prevent Mr P's losses.

Finally, Mr P has referred to recent changes which Monzo has since made to tighten gambling controls as evidence that its' earlier systems were inadequate, but I don't think this is necessarily the case. As Mr P has now made Monzo aware of his problem gambling and resulting financial difficulties, it makes sense that it may intervene more frequently in the transactions he makes. Businesses such as Monzo will always be working to evolve their systems to better protect their customers. But it is important for me to consider the situation as it was at the time complained about, rather than what may or may not have happened in the future.

Based on everything I have explained above, I still don't think that Monzo acted unfairly by not intervening in the gambling transactions. I know this will probably be disappointing for Mr P, and I am sorry about that.

**My final decision**

I consider that Monzo has already made an offer which is fair. So, my final decision is that if it hasn't already done so, Monzo Bank Ltd should pay Mr P £75 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 4 March 2026.

Gemma Bowen  
**Ombudsman**