

The complaint

Mr A complained about the way Monzo Bank Ltd dealt with a claim for money back for payments he made using his debit card.

What happened

Mr A has explained that he has a compulsive spending problem which can result in him gambling in a harmful way. As a result, he had placed a gambling block on his Monzo account to prevent him from gambling and registered with Gamstop. Mr A said that he was targeted by a website around payday and had a relapse.

In March 2025, Mr A reported transactions paid from his account to three different merchants as potentially fraudulent. He said that the merchants deliberately misrepresented the payments and used incorrect merchant category codes (MCCs) to bypass the gambling blocks he had on his account. Monzo didn't agree the transactions were unauthorised so didn't pursue a fraud claim. It also said that as the funds were deposited it couldn't help any further. It said it could apply a block for the merchants, which Mr A agreed to. It also offered support from its wellbeing team.

Monzo raised a chargeback for one of the transactions, but this was defended by the merchant. Monzo didn't pursue this further and re-debited the temporary credit it applied to Mr A's account. It declined to raise any other chargebacks and stated that as the transactions were for gambling, the card scheme, Mastercard doesn't accept these types of disputes so it couldn't help Mr A.

Mr A complained and said that Monzo should've done more to dispute the merchant's defence. And had it done so or escalated the matter to Mastercard its likely he would have received a refund or shown that the merchants were deliberately using the incorrect MCCs to allow funds to be deposited. He was also unhappy with the service he received from Monzo and different departments that contacted him.

In April 2025, Monzo issued its final response letter to Mr A's complaint. It said that it was unlikely the chargebacks would have been successful. It said that its wellbeing team contacted Mr A as it wanted to see if there was any additional support it could offer Mr A and this was in line with its internal processes. It recognised that there was some difficulty in raising the disputes and Mr A's queries were redirected or not answered and it paid him £50 compensation to apologise for this.

Mr A remained unhappy and referred his complaint to the Financial Ombudsman. An investigator considered the complaint and didn't think Monzo acted unfairly by not raising or pursuing the chargebacks on the basis that incorrect MCCs were used. He thought the compensation offered for the service issues was reasonable.

Mr A disagreed with the investigator's findings and acknowledged that Monzo wasn't liable for the transactions. But said he thought it should have escalated his dispute with Mastercard because the merchant was using the incorrect MCCs and he was disadvantaged. He said because Monzo didn't do so, he lost an opportunity because

Mastercard may have acknowledged the differences between the information provided by himself and the merchants and it was unaware of the potential risks from the merchants.

As the matter remains unresolved it has been passed 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'm aware I've summarised the events of this complaint. I don't intend any discourtesy by this – it just reflects the informal nature of our service. I'm required to decide matters quickly and with minimum formality. But I want to assure Mr A and Monzo that I've reviewed everything on file. If I don't comment on something, it's not because I haven't considered it. I've concentrated on what I think are the key issues, which our powers allow me to do.

As I understand it, Mr A has said that Monzo failed to act on information that the merchants were allowed to facilitate unlicensed gambling transactions through using the incorrect MCCs. I must explain my role at the Financial Ombudsman is to consider complaints about financial services providers. I'm not considering a complaint about the merchants, or the website Mr A used. Rather I'm looking at Monzo as the financial services provider and considering whether it acted fairly and reasonably in the way it handled Mr A's request for his money back. Mr A authorised and made his payments to the merchants using his debit card with Monzo, so I don't think it unfairly declined to consider a fraud claim any further. The only recourse for Monzo to try and get any money back was through the chargeback process.

Chargeback is based on the relevant card scheme rules. In this case it's the Mastercard scheme rules. Our service contacted Mastercard directly about situations where merchants and/or acquirers have used incorrect MCCs to mask gambling transactions. Mastercard has confirmed there are no chargeback rights for gambling transactions of any kind, including those made by Mr A. Mastercard also confirmed to us that, had a bank such as Monzo submitted a chargeback request in circumstances such as Mr A's, this wouldn't have been successful had this been sent to them to decide.

I appreciate Mr A's strength of feeling about the matter. However, I don't think Monzo was obliged to escalate his concerns about the use of the incorrect MCCs. I recognise that Mr A has said this has had a significant impact on him, particularly given he'd taken several measures to try to protect himself from gambling. However, my role is limited to assessing whether I think Monzo were wrong not to raise or pursue chargebacks for him. And, bearing in mind what Mastercard has directly told us about this, I'm satisfied that Monzo was reasonable in its decision not to raise and pursue chargebacks on Mr A's behalf.

I also acknowledge Mr A's openness about his gambling and I understand his disappointment with the way Monzo handled the situation when he raised the issue. I appreciate Mr A said that the help offered by Monzo wasn't useful given his circumstances. I think Monzo was trying to support Mr A and I can see Monzo recognised areas where it could have handled certain aspects differently and offered compensation. Taking into account the individual circumstances of the complaint, I think the compensation Monzo paid was fair. While I appreciate Mr A's desire for wider change, my remit is limited to considering the individual circumstances of this complaint. Having done so, I'm satisfied that Monzo acted fairly in relation to the chargebacks and the compensation it offered was reasonable. As a result, I won't be asking Monzo to take any further action.

My final decision

For the reasons I've set out above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 10 February 2026.

Amina Rashid
Ombudsman