

The complaint

Mr P complains that Monzo Bank Ltd allowed gambling transactions to be processed on his account via a third-party payment service, even though he had a gambling block in place.

What happened

Mr P had a gambling addiction and placed a gambling block on his Monzo account in 2023. Mr P also registered with GamStop, a self-exclusion website that blocks access to gambling accounts and apps.

Between March and July 2025, when he complained to Monzo, Mr P was making regular payments to a third-party company I'll refer to as 'T'. The payments to T typically ranged from £40 to £320 - with one payment to T higher than the norm at £640.

I understand T is a money service business which provides money transferring services. Essentially, it's a platform that allows people to send money, via T, directly to a recipient's account. In this case Mr P was transferring money from his Monzo account to T to make payments with gambling operators.

Mr P complained to Monzo in July 2025. Mr P said Monzo had failed in its duty of care and safeguarding responsibilities by letting the transactions via T to go through.

Monzo said the transactions were done via faster payment, not as card payments, so the gambling block wouldn't prevent them. Monzo also said T is a money service business, not a gambling merchant, so the gambling block wouldn't have picked up on payments to T. Monzo said a business like T can be used for many legitimate reasons and it has to ensure it doesn't stop customers from making necessary payments.

Monzo offered Mr P support for his gambling addiction and offered to put a block on T so Mr P couldn't use that service anymore. A block was then applied to Mr P's account which specifically stopped payments being made to T. Monzo said it hadn't done something wrong and so it didn't agree to refund Mr P's gambling losses.

Mr P wasn't happy with Monzo's response, so he brought a complaint to our service.

Our investigator looked into Mr P's complaint but didn't recommend that Monzo repay his gambling losses. He said Monzo weren't to know the transactions to T were for gambling. And there was no indication Mr P was facing financial hardship or lacked the capacity to manage his financial affairs. He said Mr P used T as a go-between to enable payments to gambling websites. Which meant Monzo wouldn't have been able to block T until Mr P had reached out to Monzo. So, he said Monzo hadn't done anything wrong.

Mr P disagreed with the investigator's view. Mr P questioned whether Monzo had benefitted financially from the transactions to T. Mr P said Monzo had breached regulatory obligations, failed to safeguard a vulnerable customer, and acted contrary to Financial Conduct Authority (FCA) requirements.

As Mr P rejected our investigator's findings, his complaint has been passed to an ombudsman to make a final 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.

I would firstly like to express my empathy for Mr P. I was sorry to learn about Mr P's gambling problem and the impacts of it that he has described to us. And I acknowledge Mr P's strength of feeling on this complaint and what has happened.

Mr P has provided a lot of commentary, evidence and brought up rules and issues he's related to his gambling complaint. I'm grateful for all the information provided but I'm not going to directly comment on everything Mr P has said or sent to us. Even though I've read and reviewed the full details I'm going to stick to the factors that I think are key in relation to this complaint.

In deciding what's fair and reasonable, I will take into account relevant law and regulations, regulators' rules, guidance and standards, and codes of practice; and, where appropriate, I will take into account what I consider to have been good industry practice at the time.

The primary issue for me to decide here is whether there is evidence to support or suggest, on balance, that Monzo should have done more to protect Mr P considering all the circumstances at the time.

I am satisfied from the evidence that Mr P instructed and authorised the transactions in question. The starting position in law is a bank is expected to process payments a customer authorises it to make, in accordance with the terms and conditions of the customer's account.

I think it's also important to note customer's bank accounts and transactions are not routinely monitored or examined manually by businesses as a matter of course. Monzo would likely only have had reason to examine these payments if it suspected fraud or if Mr P had gotten into financial difficulty. And I haven't seen any evidence to suggest Mr P was struggling to fund these transactions. So, I am persuaded it's unlikely Monzo would have had a reason to examine these payments in detail.

Mr P says the pattern of payments he made should have been recognised as high risk and potentially harmful behaviour. I understand Mr P's position on this and I understand Mr P feels Monzo failed to protect or safeguard him. However, I don't think I can reasonably say Monzo should have intervened.

I say this because it looks like Mr P was typically funding the transfers to T by sending money into his Monzo account. And his Monzo account didn't go overdrawn during the period he was making transactions to T. So, I've not seen persuasive evidence that shows Monzo should have regarded Mr P as being in financial difficulty or that the account was being misused to the degree that Monzo needed to step in.

I appreciate Mr P feels very strongly that Monzo failed to offer him appropriate support. But I could only uphold this part of Mr P's complaint if I thought Monzo had failed in its obligations to provide him support having identified him as vulnerable. And even though I don't doubt Mr P was genuinely vulnerable and in need of support, I can't fairly conclude that the account was showing significant signs of financial difficulty, such as prolonged use of an unarranged overdraft, that might have alerted Monzo to this.

Mr P says the gambling block he applied to his account in 2023 should have led Monzo to block the transactions he made with T. However, I think it's fair to say there are limitations to how effectively a gambling block can work.

There are several reasons why a gambling related payment may still be allowed, even when a gambling block is in place. One such reason, which seems to be the case here, is when a gambling transaction is completed through a third-party payment service provider like T.

Mr P thinks Monzo were or should have been aware that the payments to T were for gambling. However, I don't think this is the case. I've looked at the transactions, and they show payments going to T, via faster payments, through open banking.

I don't think these payments would have flagged up on Monzo's system as being gambling related. I also note the gambling block information Monzo provides doesn't guarantee all gambling related payments will be stopped and it says if a payment does go through the customer will be liable for it.

Ultimately the gambling block was circumvented by using a payment service intermediary such as T. And I don't think it's reasonable to consider a gambling block should have flagged this type of payment nor do I think it's fair to hold Monzo at fault for it not being picked up by the block.

It may be useful to explain, that when a gambling block is placed on an account, the bank uses what it refers to as 'merchant codes' to help identify the payee that funds are going to. Merchant codes refer to the types of business that payments are being made to; so, you would see a different code for a gambling operator, to what you might see for a utility provider, or a financial service provider, for instance.

These codes allow businesses to apply a certain amount of automation, as it's not realistic to expect a business to manually trawl through customer's accounts, looking at specific payees, to try and prevent payments going through.

Mr P says T is a gateway known to serve gambling merchants and Monzo should have known what kind of business it was. However, there are many reasons someone might use a payment service like T, and not just for gambling.

In this case, I'm satisfied T wouldn't have shown up as a gambling merchant on Monzo's systems. T is a money service business, that provides services relating to transferring or converting money. I've not seen evidence that persuades me it is specifically or solely a gambling operator. Though it does appear it can be used as a go-between to transfer funds on to a gambling operator. I think it's fair to say, by making the transactions through T, Mr P was in essence circumventing the gambling block he'd applied to his account. And I don't think it's fair to hold Monzo responsible for that.

So, overall, I'm persuaded it's unlikely Monzo should have considered Mr P to be showing signs of significant financial difficulty nor had a reason to examine Mr P's account and payments to T in detail.

Mr P said Monzo failed in its safeguarding duty and didn't provide support as required by the FCA. The Consumer Duty introduced by the FCA requires businesses to consider various things including customers' vulnerabilities. In common with other banks, Monzo is not likely to act on a potential vulnerability unless it becomes aware or is made aware of a problem.

In this case I can't see that Monzo was made aware of Mr P's gambling problem until he

raised his complaint. And for the reasons given above I don't think Monzo had cause to become aware of Mr P's vulnerabilities of its own accord. I'm satisfied Mr P's account wasn't demonstrating a level of stress or financial difficulty to a degree that would reasonably have given Monzo cause to intervene or investigate.

In conclusion, banks are required to support customers but won't be liable for their spending patterns and can't stop customers making authorised payments for legitimate activities such as gambling - especially when a payment service such as T is used to get around a gambling block. As a consequence, there remains a high level of personal responsibility on the customer to address their harmful gambling.

Mr P has raised various points around why he thinks Monzo could have stopped the payments to T. I've considered everything Mr P has said, and the correspondence he forwarded from T, and I'm not persuaded Monzo should have stopped the payments. I'm satisfied Mr P authorised the payments to T and I don't think it's relevant that Monzo could have blocked payments. I wouldn't expect Monzo to block a payment unless it had exceptionally good reasons to – and as detailed above, I've not seen evidence that supports the notion that Monzo had sufficient cause to intervene or investigate.

Mr P said Monzo had blocked his account before when he spent a certain amount, and so he thinks it could have issued a block sooner in relation to the payments to T. I've considered this and I can see it relates to Monzo's evolving approach on cryptocurrency limits and was part of a wider cryptocurrency expenditure limiting process implemented by Monzo to safeguard customers against possible crypto scams. I'm satisfied the matter of applying cryptocurrency limits as part of a general policy to reduce scams has no bearing on the outcome I reach in this case, so I won't discuss it further.

Mr P said Monzo missed regulatory deadlines. I understand this to be in relation to Monzo taking longer to send its final response. My understanding is Monzo were due to send the final response by 30 July 2025, but it wasn't issued until 31 July 2025, by email. Our service doesn't have jurisdiction to consider complaints about complaint handling. Which I consider this aspect to be. So, I won't comment further on it other than to say Mr P was entitled to bring his complaint to us once Monzo had exceeded the timeframe to respond to the complaint, and I can see Monzo apologised for the slight delay and I think that was the right thing to do.

Mr P questioned whether Monzo benefitted in some way from his transactions to T. In deciding this complaint, I don't think it's pertinent as to whether Monzo profited in any way from Mr P's transactions to T, so I won't comment further on that. Other than to say I've not seen any evidence that suggests Monzo allowed payments to T to go through because it benefitted from those payments in some way. I think it's most likely Monzo didn't block Mr P's payments because Mr P had authorised those payments, Mr P was entitled to make those payments, and Monzo had no overt reason to block or stop them.

Mr T thinks Monzo should have raised a chargeback for the transactions to T. Mr T said a provider such as Monzo must do so for disputed or unauthorised transactions. I don't consider the transactions to be disputed or unauthorised. And as I've said, I'm satisfied, on the balance of probabilities and based on the available evidence, Mr T authorised the transactions and had the benefit of the funds he transferred to T.

I must also note the payments were sent via open banking rather than a card payment. Because of this Monzo said it can't raise a chargeback, I think this is correct. My understanding is chargebacks aren't typically available for open banking payments because they don't go through the relevant card networks so the chargeback protections for those card networks, such as VISA and Mastercard, don't apply.

Chargebacks can only be made for card payments, and these weren't technically card payments to T – they were faster payments via open banking, which is different. And even if they had been card payments, I think on balance, a chargeback would have been unlikely to succeed given the nature of the payments and the rules involved. There is a high bar of evidence to pass in order to see a successful chargeback for a gambling related payment which I don't think would have been achievable in the circumstances of this complaint. But again: these were not card payments, so it was never possible to get them back via a chargeback anyway.

Our service investigates the merits of complaints on an individual basis, and that is what I've done here. I think it's important to explain that my decision is final. I realise that Mr P will be very disappointed by this outcome though I hope he appreciates the reasons why I consider this to be a fair and reasonable outcome. By rejecting this decision all options remain open to Mr P.

My final decision

It is my final decision to not uphold this complaint.

I make no further award against Monzo Bank Ltd.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 13 March 2026.

Gordon Candlish
Ombudsman