

The complaint

Mr S 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.

Mr S is unhappy that Monzo failed to offer him support when he was spending compulsively and experiencing financial harm.

What happened

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

On 23 June 2025 Mr S saw an advert for a site which promoted itself as not on GamStop, as in, a person could gamble using this site and GamStop wouldn't be able to stop it. I understand Mr S made a transaction through this advert with a firm I'll refer to as 'D'. Mr S said once the first payment went through, he entered a compulsive spiral of gambling addiction and continued to make repeated gambling transactions via D.

Mr S said he spent over £20,000 over the course of seven days. Mr S said if Monzo had intervened he would only have lost a few thousand pounds at most. Mr S said Monzo failed to act despite having a duty of care especially considering he was a customer with an active gambling block on his account.

Mr S complained to Monzo on 1 July 2025 and asked it to refund his financial losses. Mr S said his spending from 23 June to 29 June 2025 showed clear signs of gambling harm and loss of control. He said there was no intervention from Monzo, and its action or lack thereof were contradictory to the Financial Conduct Authority's (FCA's) guidelines on treating vulnerable customers fairly.

In its response to Mr S's complaint Monzo said the gambling block wouldn't have picked up on the payments to D because it wasn't using a merchant code (MCC) that related to gambling. Monzo said it had made no errors and didn't uphold Mr S's complaint.

Mr S didn't accept the outcome from Monzo and referred his complaint to this service. Our investigator looked into Mr S's complaint, but she didn't recommend that Monzo repay his gambling losses.

She didn't think Monzo should have recognised the payments to D as being gambling related. But she did think Monzo could have done more to speak with Mr S about the high frequency of transactions he was making to D and offered Mr S some appropriate support. The investigator concluded she didn't think intervention would have ultimately made a difference. But because she thought Monzo could have provided better customer service at times and spoken with Mr S about the payments to D she awarded £250 compensation.

Mr S disagreed with the investigator's view. He acknowledged that Monzo couldn't technically identify the payments to D as being gambling related - given the MCC for D

showed it as a financial services organisation rather than a gambling merchant. However, he felt Monzo had failed to act on clear indicators of gambling-related vulnerability.

Mr S said the volume, frequency and pattern of transactions should have been a red flag which should have prompted Monzo to intervene. Mr S also said if Monzo had intervened he wouldn't have been likely to gamble elsewhere and he highlighted an event with another bank he has an account with who I'll refer to as 'H'.

H intervened and blocked transactions when Mr S tried to make payments to D using his H account. Mr S has said it was at this point he transitioned to using his Monzo account to make payments to D.

Mr S said the intervention by H demonstrates that contact from a bank could interrupt his gambling behaviour. And he continued gambling via Monzo because no such intervention occurred.

As Mr S 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 sympathy for Mr S. I was sorry to learn about Mr S's gambling addiction and the impacts it has had.

I'm grateful for all the information Mr S has provided, but I'm not going to directly comment on everything Mr S has said. 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.

Mr S seems to have accepted that the gambling block wouldn't pick up on the transactions to D, so I won't go into too much detail on this aspect. Instead, I'll confirm 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.

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 D.

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.

Ultimately the gambling block was circumvented by using a payment service intermediary. 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. I'll move on to the next part of the complaint.

I understand Mr S feels Monzo failed to protect him. And he thinks Monzo should have picked up on his harmful spending sooner and done something about it.

Mr S highlighted various reasons he thinks Monzo should have noticed his harmful spending and intervened sooner. These reasons included late-night transactions, alongside the volume and frequency of the transactions.

The issue for me to decide here is whether Monzo should have done more to protect Mr S and importantly, whether I think anything Monzo could have done would have resulted in a different outcome or stopped Mr S from finding a way to gamble.

So, I've considered whether I think it would have made a meaningful difference to Mr S's gambling had Monzo intervened in some way. And having done so, I don't think it would have made a substantial difference. I'll explain why.

In broad terms, the starting position at law is that a bank is expected to process payments and withdrawals that a customer authorises it to make, in accordance with the Payment Services Regulations and the terms and conditions of the customer's account.

As referenced above, we will also think about what difference a bank's intervention might have made to a customer's gambling. Mr S was using a payment service intermediary, D, which enabled him to circumvent the gambling block on his account and the self-exclusion services provided by GamStop. I think it's fair to say this shows a degree of determination to gamble that is likely to have defeated any intervention by Monzo or others.

Monzo might intervene in transactions where there is a suspicion of fraud or serious financial harm, but it won't be liable for customers' spending patterns and cannot stop customers making authorised card payments. And Monzo should support customers that are in financial difficulty. Beyond that, a bank is only likely to become aware of a potential problem if it has been alerted by the account holder or a third party or it's flagged up for some other reason.

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 S had gotten into clear financial difficulty. And I haven't seen any evidence to suggest Mr S was struggling to fund these transactions. So, I am persuaded it's unlikely Monzo would have had a significant and strong reason to examine these payments in detail. Though I will discuss this further below.

In this case, it's not in dispute that Mr S authorised and intended to make the payments. And I'm satisfied the account wasn't showing signs of financial difficulty such as going into an overdraft for a prolonged period. And Mr S's account was never overdrawn during the period he was making payments to D.

However, I do think it's feasible Monzo could have identified concerns and contacted Mr S and asked questions to understand the behaviour on his account and what was going on. I think Monzo could have asked questions about the circumstances behind the activity on his account and, if it had done so, it could have uncovered that the payments were related to gambling and offered Mr S further support.

Although I think it's important to note these payments were made in a very short space of time - across seven days. And account holders are entitled to spend their money as they see fit. And without an account showing signs of financial difficulty or evidence of fraudulent activity or scam involvement, it is difficult to expect a business to monitor seemingly legitimate account activity to the degree that it could step in and ask questions.

That being said, I do think it's fair to say the nature of the transactions to D could have given Monzo some concern. Because during the week in question Mr S made frequent payments to D often for the same amount, going to the same payee, on the same day.

However, based on the balance of probabilities and the available evidence, I don't think I can reasonably say that intervention from Monzo would have definitely prevented Mr S from making the payments or spending the money in some other way or with another gambling operator.

I say this because when H intervened Mr S continued to gamble his available funds via Monzo. This supports the notion that if Monzo had intervened Mr S would have continued to gamble elsewhere - as he did when H intervened.

I must also note Mr S was able to transfer around £1,000 to D via his account with H prior to it intervening and declining two later payments. And when H asked if Mr S had made the declined payments to D, he said yes, it was me. And when H asked if the transactions were legit he said yes, they are.

I think it's fair to say this supports Mr S sought to authorise the payments and confirm they were legitimate - rather than supporting the notion that intervention could have curbed Mr S's gambling. Particularly given Mr S went on to make transactions to D through Monzo instead.

I acknowledge H told Mr D the transactions would remain declined and Mr S would need to redo them, and I understand Mr S didn't redo them. But I think it's fair to say that was because Mr S proceeded to continue making payments to D via Monzo instead.

I must also note Mr S began using D because it advertised itself as a way to circumvent the gambling blocks provided by GamStop. As referenced earlier I think it's reasonable to consider this shows a level of determination to gamble that is likely to have defeated intervention during the period this complaint addresses.

Based on the above, I think the available evidence supports that had Monzo intervened it's reasonable to consider that Mr S would have either authorised the transactions to D or found another means of gambling.

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 D 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 S asked Monzo to initiate chargebacks on the payments. Monzo said it didn't have chargeback rights for gambling related payments where the money has reached its intended destination - or digital wallet. This means the customer doesn't have a goods or services claim to dispute against the merchant.

I think Monzo's position is a reasonable one and overall, I don't think a chargeback would have been successful in the circumstances of this complaint. I say that because 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 here.

One example of the type of evidence Mr S would need for a successful chargeback is to prove D was using an incorrect MCC. And my understanding of D is that it is a form of money service business, or payment service provider, rather than specifically or solely a gambling operator. It appears that D is more of a payment gateway which customers can use for a variety of reasons. Not just to make transactions with gambling merchants. So, I consider Monzo's position here to have been a fair one.

For the reasons given, I don't think it would be fair to hold Monzo responsible for the money Mr S lost or require it to refund any of the payments he made. But I do think Monzo should pay Mr S compensation for poor service and its failure to offer him support.

I think this was a failing as there were potential signs of concern in the activity on his account before he contacted it about the payments – though I must note it wasn't across a prolonged period. And so, I do think it will have been difficult and somewhat unrealistic for Monzo to have been able to intervene so soon based on a spending pattern that stretched across one week.

However, the support Monzo could have offered might have helped Mr S address the compulsive gambling sooner or eased some of the distress and upset the circumstances caused him.

I also think Monzo provided poor service when it didn't confirm the date the gambling block was first applied to Mr S's account, which I understand was around 27 July 2023. And when it inexplicably asked Mr S if he would like to remove the gambling block after he raised his complaint. I think these were occurrences of poor customer service which warrant compensation.

So, I think an award of £250 is fair and reasonable compensation for the distress and upset Monzo's failings caused and is in line with what our service would award in the circumstances.

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 S 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 S.

My final decision

For the reasons set out above, I uphold this complaint in part and require Monzo Bank Ltd to:

- Pay Mr S £250 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 20 March 2026.

Gordon Candlish
Ombudsman

