

The complaint

Mr N complains that Barclays Bank UK PLC (Barclays, hereinafter) hasn't refunded the losses he's incurred when placing bets through an overseas gambling website, which he claims is a scam.

What happened

The facts are well known to both parties, so I have outlined the key details. In summary, Mr N made several payments between October and December 2024 to an overseas gambling website that I'll refer to as M.

From his Barclays account Mr N made 16 payments totalling £15,145.90, 15 of which were debit card payments and one of which was a faster payment made via open banking. These payments were funded through a mixture of personal savings and a loan Mr N took with a loan provider. Mr N also made payments with a credit card he holds with a separate financial institution.

Mr N was able to withdraw over £15,000 worth of winnings from M during this time, but he then encountered issues when trying to withdraw his latest winnings, which led him to enquire further about M with the UK Gambling Commission.

The Gambling Commission advised Mr N that M was unlicensed to offer its services in the UK, and this was illegal. So, Mr N reported his gambling transactions to Barclays and asked it to raise chargeback claims on his behalf, thinking he had been scammed.

Barclays refused to refund him. It said that the open banking payment had gone to a cryptocurrency wallet in his name and therefore, Mr N should raise a claim directly with them. With regards to the debit card payments, it said that it requested further information from Mr N to support the chargeback claims, that he didn't provide, which led to the claims being withdrawn.

So, Mr N referred a complaint to the Financial Ombudsman Service.

Our Investigator found that, whilst M may have been offering gambling services to UK customers illicitly, there wasn't enough evidence proving it was an actual scam. They also said that, even if Barclays had intervened and stopped the payments and queried them further with Mr N, this wouldn't have prevented his losses, as Mr N would have explained he had used M's website to place bets on several occasions and received his winnings regularly.

It was added that Mr N hadn't disclosed to Barclays that he suffered from a gambling addiction and therefore it wouldn't be fair to expect Barclays to do anything further to safeguard him, especially as the Merchant Category Codes (MCC, hereinafter) associated with the payments to M weren't linked to gambling.

Finally, our Investigator found that even if Barclays could have submitted chargeback claims on Mr N's behalf, they would have failed, as Mr N received a service from M. With regards to the open banking payment, there were no prospects of recovering any funds from the receiving account, because Mr N had confirmed he had been able to send them to M and use them to place bets, so no funds would have remained in the receiving account.

Mr N disagreed with our Investigator's view and argued he didn't receive the service he had paid for, as he wasn't able to withdraw his winnings in the end. He also stated that a chargeback would have been successful because M was offering services to UK customers when it shouldn't have and it was acting illegally. Mr N was adamant that Barclays had sufficient grounds to recall his losses from M.

In light of this disagreement, I have been asked to review everything afresh and reach a decision on the matter.

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 that I've summarised this complaint briefly, in less detail than has been provided, and in my own words. No discourtesy is intended by this. Instead, I've focused on what I think is the heart of the matter here. And if there is a submission or point that I've not addressed, it isn't because I've ignored it.

I'm satisfied I don't need to comment on every individual point or argument to be able to reach what I think is the right outcome. Our rules allow me to do this. This simply reflects the informal nature of our service as a free alternative to the courts.

Where the evidence is incomplete, inconclusive, or contradictory, I must make my decision on the balance of probabilities – that is, what I consider is more likely than not to have happened in the light of the available evidence and the wider surrounding circumstances.

I would like to start by saying I'm very sorry Mr N has been battling with a gambling addiction and I understand that these events have had far reaching consequences for him and his loved ones. I thank him for the details he has shared with this service.

I've thought carefully about whether Barclays treated Mr N fairly and reasonably in its dealings with him, when he made the payments and he reported them as fraudulent, or whether it should have done more than it did.

Having done so, I've decided to not uphold Mr N's complaint. I know this will come as a disappointment to Mr N and so I will explain below why I've reached the decision I have.

Did Mr N fall victim to a scam?

Barclays is expected to process authorised payment instructions without undue delay in accordance with the Payment Service Regulations and the terms and conditions of its customer's account. But as a bank, it also has long-standing obligations to help protect customers from financial harm from fraud and scams.

But any reimbursement, in consideration of industry guidance and best practice, would be reliant on finding that the customer had been the victim of a scam. Reimbursement would

not be due where the evidence shows that the customer instead has a civil dispute with the party they paid.

Such a civil dispute would include scenarios where agreements were not fulfilled, or where investments collapsed, as a result of a firm failing and going into administration.

I've therefore considered whether Mr N was a victim of a scam when making payments to M.

In order to conclude that the payments Mr N made were part of a scam, I'd need to be reasonably satisfied, from the available evidence, that M set out to defraud him from the start.

But I don't think, based on what I've found, that I can safely conclude that. I say this because:

- Whilst M isn't licensed by the UK Gambling Commission, it still appears to be a genuine overseas gambling site with a gambling license from Curacao. Moreover, it's been operating for a number of years, which is a most unlikely occurrence with scam gambling sites, as their operations get eventually shut down due to numerous scam reports.
- Mr N gambled on M's website without issues for two months and was able to withdraw more than £15,000 in winnings. This is a very significant amount in proportion to what he paid to M, and I think it's very unlikely a scam operation would have allowed him to withdraw such a high sum.
- Having conducted independent research on M, I'm persuaded it was a genuine overseas gambling site. This consideration was also influenced by the overwhelming number of customers' reviews available. I think the negative reviews further reconfirm this, as most customers complain about withdrawals and verification processes being slow and not being able to win or take advantage of bonuses, as opposed to being outright scammed of their own funds.
- When Mr N struggled to withdraw more of his winnings, M referred him to its terms and conditions about withdrawal limits, which cap weekly and monthly winnings withdrawals to a maximum amount. I've reviewed those terms and conditions and can confirm that what Mr N was advised when he spoke to M's representative is in line with what its terms and conditions say. Mr N hasn't submitted enough evidence to prove that M was withholding his winnings without good cause or that it was breaching its terms and conditions.
- Mr N and the Gambling Commission claim that offering services to UK customers without a UK license is illegal, but that isn't the same as saying M set out to scam Mr N. M's objective is to offer gambling services online, and the evidence before me persuades me that, on balance, Mr N made payments to access M's services and place bets on its website.
- Overall, I haven't seen sufficient evidence to persuade me that, more likely than not, M intended to scam Mr N of his funds during the time he made payments to its gambling website.

This is not to say that there is no issue at all between Mr N and M, as I recognise Mr N is out of pocket as a consequence of these events.

However, the Financial Ombudsman Service is an independent and alternative dispute resolution service and, as such, we need to conduct our own investigation of the facts.

As I've mentioned above, I need to come to my own independent conclusion as to whether the evidence before me is enough to find that, on the balance of probabilities, a scam has occurred in this instance.

And for the reasons I've explained, I'm not persuaded this is the most likely scenario here, so I do not find Barclays is liable to refund Mr N on the basis he fell victim to a scam.

Was Barclays required to intervene during Mr N's payments anyway?

Mr N has disclosed to our service that he was struggling with a gambling addiction. I sympathise with him and the gambling struggles that he has, and I hope he is now in a position where he is getting the right help and support for this.

It might be helpful for me to say here that, as we are not the regulator, I cannot make a business change its systems or processes – such as what it must have in place to assist customers with their spending or what accounts should be monitored for, as we have no regulatory or disciplinary role.

So, I wouldn't tell Barclays what tools it needs to have in place to support a customer with a gambling addiction, nor would I expect it to monitor an account for gambling transactions, since gambling isn't in and of itself illegal, and customers are entitled to spend their funds as they wish. However, I would expect a bank to step in and offer appropriate support where I consider it should've reasonably become aware there might be a problem with their customers' spending.

I've thought very carefully about whether Mr N's account activity should've been enough to alert Barclays that something may have been wrong and that it needed to step in.

Barclays has shown that none of the disputed transactions displayed an MCC that was identifiably linked to gambling, so it couldn't have known that this was how Mr N had been spending his funds. And I've seen no evidence to suggest Mr N had disclosed his gambling addiction to Barclays before he started making the disputed payments.

However, there's also evidence on the statements of several high value payments, some of which on the same day. In particular, Mr N received a £15,000 loan into his account on 30 December 2024 which he spent entirely making payments to M, within a day.

So, I think that, independently of whether the transactions were identifiably going to a gambling merchant, it could be reasonably concluded that the activity pointed to signs that Mr N might have been at risk of financial harm and that Barclays should've stepped in to ask him some questions about what was happening.

In any event, even if Barclays had intervened at any point during the time Mr N was making payments to M, I don't think such intervention would have prevented Mr N's from making further payments.

I say this because, if Barclays had asked Mr N about his payments, he would have most likely disclosed he was gambling on an online website, which he'd been using for a while and he'd been able to withdraw substantial winnings from. As, I've mentioned above, gambling isn't illegal, and, given how Mr N was using his account, I think Barclays would have been satisfied by this explanation.

And, if Mr N had disclosed he had a compulsive spending addiction, I would have expected Barclays to explain what support it could offer relevant to this vulnerability, such as a gambling block, or a spending limit, etc.

However, I'm not persuaded such support or follow-up action would have stopped Mr N from making payments to M, as the payment service providers M used to top up Mr N's gambling account didn't use MCC codes that were identifiably linked to gambling – and so I don't think Barclays would have been able to block the payments accordingly.

So, I don't think a gambling block could have prevented M's losses.

Recovery

Mr N claims Barclays should have recouped his payments to M via chargeback claims. One of the payments was made via open banking and when Mr N reported it to Barclays, he was advised the payment had gone to a cryptocurrency wallet in his name.

This was incorrect information, as Mr N made an open banking payment through a payment service provider that directly deposited his funds to his betting account with M, and at no point did Mr N open a cryptocurrency account to do that.

However, even if Barclays provided inaccurate information, this didn't negatively impact Mr N's ability to recover the loss. First of all, because I've found Mr N didn't make this payment as a consequence of an authorised push payment (APP) scam, so, effectively, Barclays wouldn't have any ground under which to initiate recovery of this payment under the APP scam reimbursement rules, as they don't apply in this case.

Secondly, even if it had, Mr N confirmed to Barclays that his funds had been successfully credited to his account with M and that he had placed a sporting bet with them, so, I don't think any funds would have remained for recovery, even if Barclays had tried.

For the payments made via debit card, the only potential avenue for recovery would have been via a chargeback claim. The chargeback scheme is a voluntary scheme set up to resolve card payment disputes between merchants and cardholders.

Barclays is bound by the card scheme provider's chargeback rules, Visa, in this instance.

Whilst there is no 'right' to a chargeback, I generally consider it to be good practice that a chargeback be raised if there is a reasonable chance of it succeeding. But a chargeback can only be made within the scheme rules, meaning there are only limited grounds and limited forms of evidence that will be accepted for a chargeback to be considered valid, and potentially succeed.

In this case I understand that, due to a delay in Mr N sending his evidence to the right email address within Barclays, and Barclays making an administrative mistake, the chargeback claims were withdrawn before they were presented to the merchant. So, I've considered how likely it was that they would have been successful, had they been appropriately and timely raised with M.

Having done so, I'm not persuaded chargeback claims had any prospects of succeeding in this case. I say this because of the following reasons.

Firstly, Visa doesn't allow chargeback claims to be made in relation to reclaiming gambling winnings so, a claim on the basis of this argument would have not been successful.

Secondly, I've considered whether a claim could be raised on Mr N's behalf on the basis that M used MCCs to misrepresent its transactions as something other than gambling related.

Having reviewed the evidence available in this complaint, I'm not persuaded such grounds, under dispute rule 12.7 of the Visa chargeback rulebook, would have led to a successful chargeback claim either.

I say this because Mr N would have needed to prove that M was using an incorrect code.

Merchants can offer a wide range of services and so there may be a number of different codes that they can be identified with. And it's not actually the merchant who decides what code will be used, it's the acquirer who sets the MCC for the merchant.

I've not seen any evidence to demonstrate that gambling was the only service M provided, or that the codes used were fundamentally incorrect. So, I can't say for sure that the first test was met.

Even if Mr N was able to prove that part of the test, the next consideration that would need to be proved for a successful chargeback under 12.7 is evidence that, had M used a MCC linked to gambling, it would have prevented the transaction from being completed.

In other words, Mr N would have had to provide evidence showing other transactions being refused on his account because they were linked to the gambling MCC, and that any gambling block on the account had successfully identified them and prevented them from being paid.

But in this case, Mr N never asked Barclays to place a gambling block to his account so, there isn't sufficient evidence to prove this part of the test would be met. For these reasons, a chargeback claim on the basis of dispute rule 12.7 would also have failed.

In conclusion, even if Barclays had raised chargeback claims for all of the 15 disputed debit card transactions, I don't think they had any reasonable prospects of success, and, overall, I don't think Barclays could have done more to attempt to recover Mr N's funds in this instance.

Compensation for trouble and upset

In line with what our investigator said in their view, I also agree Barclays gave some incorrect information to Mr N, whilst investigating his scam report. In particular, Barclays gave incorrect information to Mr N as to the destination of his open banking payment, mentioning a cryptocurrency wallet, when this had never existed. Moreover, when Mr N sent the evidence to support his chargeback claims, this was forwarded to the wrong department at Barclays.

However, having fully reviewed the extent to which these mistakes impacted Mr N's overall claim, I'm also of the opinion that Mr N's recovery chances weren't affected by Barclays' shortcomings.

Whilst I hope that Barclays will pass on feedback to the relevant team members responsible for giving wrong advice to Mr N, I agree that £200 is a proportionate amount of compensation in the circumstances, and I won't ask Barclays to increase it further.

My final decision

For the reasons given above, I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr N to accept or reject my decision before 17 March 2026.

Daria Ermini
Ombudsman