

The complaint

Mr P is unhappy with Monzo Bank Ltd.

Mr P said he is vulnerable to gambling harm and took serious steps to protect himself. Yet in August and September 2025 more than £12,000 left Mr P's Monzo account and went to a merchant he could use for online gambling.

What happened

Mr P registered with Gamstop in January 2024 to exclude himself for a minimum of five years. He added the gambling block to his Monzo account in March 2025.

Mr P said despite these safeguards he managed to make dozens of rapid payments to online merchant's "T" and "P" through August and September 2025 where he was then able to use the money for online gambling. Mr P said his statements from June to September 2025 showed a clear pattern of near identical payments daily and frequent transfers from his savings pots to cover spending. Mr P said he also took large transfers from his father to cover his gambling losses.

Mr P said Monzo systems never intervened. He said there was no welfare check, warnings, or freezing of his account. Mr P said he only heard from the wellbeing team after he complained. Mr P said Monzo admitted that the gambling block didn't work.

Monzo said it gave Mr P the *"expected level of service."* It said the gambling block, *"stops customers from being able to use their card online or in stores for merchants that are registered as being gambling services."* But Monzo accepted the block has limitations and not all merchants use a code that shows it to be a gambling company. Monzo said if a gambling company use a different merchant code, *"we won't know that you were gambling. Unfortunately it's not something that's policed, especially for merchants outside of the UK."*

Monzo said T was using a code not directly linked to gambling transactions and so these wouldn't be picked up by the gambling block. It said sometimes it can add merchants to a gambling block manually, but it can't reverse the payments that have already gone through. Regarding freezing accounts as Mr P suggested, Monzo said, *"While we do sometimes proactively freeze cards in certain high-risk situations, we need to balance our transaction monitoring with our desire to provide a reliable and efficient service for our customers. Unfortunately, this does mean that some spending patterns won't be recognised by our algorithm, and are instead counted as normal card usage, until you report them to us."*

Monzo concluded the gambling block worked as it is expected to. It wasn't willing to refund Mr P the amounts he gambled.

Mr P remained unhappy with this and brought his complaint to this service.

Our investigator didn't uphold the complaint. He accepted Monzo could only provide customers with tools to help them, but he said it couldn't stop customers from spending their money on gambling. Our investigator noted gambling blocks are a good way to prevent such

transactions but referred to the Monzo website which confirmed it cannot block all transactions. He accepted there was no error with the gambling block and banks can't manually monitor individual accounts. Our investigator noted from Mr P's statements that he only made a loss of £26 when he looked through the transaction history. He said as soon as Mr P made Monzo aware it took action to assist him. He concluded Monzo didn't make any mistakes.

Mr P didn't accept this and asked for his complaint to be passed to an ombudsman for 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.

There's been a lot of detailed correspondence around the evidence, rules and regulations from Mr P for which I'm grateful. But this is an informal service so I'm not going to comment on everything included within this complaint. Instead, I'm going to stick to what I think are the central points that apply here. I can confirm all of the evidence provided by both sides has been considered.

Mr P said he lost over £12,000, drained his savings and is now in debt to his father for £5,000. Mr P said he suffers sleepless nights and shame and while he was spending he suffered anxiety and panic. He fears for his long term financial stability.

Mr P said he took every step to protect himself. He said Monzo knew in advance of his behaviours and his vulnerability through his gambling block and his account behaviour. Mr P said Monzo had breached FCA rules, principles and Consumer Duty by letting the payments occur.

Mr P said relying solely on self selected gambling codes is inadequate and misleading. Mr P wants to be reimbursed for the full lost amount of £12,185, along with 8% simple interest from the date of each transaction to the date of settlement. Mr P said he also wants compensation of between £1,000 and £1,500 for the distress and inconvenience caused to him.

Mr P said he wants Monzo to review and improve its gambling block and transaction monitoring.

On this final point I can only confirm this service is here to look at Mr P's individual complaint only and whether or not Monzo acted fairly and reasonably. Any wider points would need to be made by Mr P to the Financial Conduct Authority (FCA) as the regulator.

Mr P provided details about one of the companies he was transferring his money to. The details said, "*P is an excellent solution for casino gaming and sports betting.*"

The details from Mr P also noted, "*P represent a concerning partnership in the high-risk payment processing sector, where legitimate regulatory licenses mask systematic facilitation of illegal gambling operations across multiple jurisdictions. Despite holding authorizations from respected regulators, both entities have been implicated in processing payments for unlicensed casinos, circumventing consumer protection measures, and exploiting regulatory loopholes to enable prohibited gambling activities.*"

The details noted some bullet points about how companies like T and P operate. These said:

- *“Complex transaction structures preventing consumer protection.*
- *Systematic circumvention of banking blocks on gambling.”*

As noted above I'm grateful to Mr P for the detail. But I think all it shows is the point Monzo has been making in this complaint. It has a legitimate block to stop gambling transactions but where a customer finds other opportunities provided to it by companies outside of those rules Monzo's block won't pick up these types of transactions. And as the details provided by Mr P show, this isn't just about Monzo – the problem would have been the similar whichever bank Mr P was using to transfer the money to T or P.

Monzo responded and said, *“Upon reviewing your account, I can confirm that the payments in question were indeed made to a merchant that is categorized as a Payment Gateway or Payment Processor company. It's important to clarify our role and limitations in situations like these. While we do have measures in place to identify gambling, unusual or potentially fraudulent activity, our ability to intervene in transactions to legitimate merchants, even if they are high-risk, is limited. We are bound by regulations that prioritize customer autonomy in managing their finances.”*

I don't dispute how Mr P feels about this and how it has affected him. But I think that's a fair and reasonable answer from Monzo.

Monzo later noted that Mr P had actually made all the transactions through Faster Payments. It said these payments do not have an associated Merchant Category Code (MCC). Monzo said this meant its systems couldn't identify the payments as gambling and so the block wasn't triggered.

Monzo said the Faster Payments being used by Mr P took the payments outside of its control and so it couldn't be held liable for the losses incurred. It said Faster Payments are not the same as card transactions and so these don't have a merchant code associated with them. Faster Payments are made through open banking. I don't think any of Monzo's systems would have triggered due to this.

Monzo continued, *“Our gambling block does not work against faster payments as faster payment transactions do not have an associated MCC, therefore we are unable to identify these transactions as gambling at the point of purchase.”*

As it was only late on that Monzo spotted the problem wasn't about the MCC it offered Mr P £50 due to the previous misinformation. It said it had failed to give him the correct details from the start of his complaint.

In terms of Mr P's gambling and vulnerabilities Monzo said Mr P, *“only actively expressed they were struggling with their gambling habits at the point of complaint. I understand our customer is unhappy we did not proactively address their gambling transactions with them however, we don't proactively monitor our customer's accounts for gambling transactions. We recognise that everyone with gambling transactions might not be in a position where they're gambling too much, or in a place where they're ready to speak more about this. Because of that we don't reach out to the customers proactively unless the customer either wants to discuss this from their end or first comes to us.”*

I appreciate it has been difficult for Mr P to talk about this issue. And I acknowledge this has been a tricky time for him, his family, his relationships and his finances. But I have to base my decision on Monzo and how Monzo acted. In this case I don't think Monzo made any errors around the transactions. The way the payments were made wouldn't have triggered any Monzo systems. So, I don't think it would be fair to hold Monzo responsible.

But it did make a mistake when it originally told Mr P the reason for the payments going through was due to the MCC. It turns out the payments went through due to Mr P using Faster Payments. I think it's fair that Monzo acknowledges that error and it should send Mr P the £50 it offered as a proactive settlement to his account as soon as possible. As this offer was made through this service and I think Monzo should pay it that means I uphold the complaint but only in relation to the £50.

Putting things right

I make no further award against Monzo Bank Ltd but it needs to pay the £50 it offered.

My final decision

I uphold this complaint.

I make no further award against Monzo Bank Ltd but it needs to pay the £50 it offered.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 12 February 2026.

John Quinlan
Ombudsman