

## **The complaint**

Mr K complains that Starling Bank Limited trading as Starling Bank failed to prevent or investigate up to 3,000 disguised gambling payments processed through his account from October 2023 to June 2025.

## **What happened**

Mr K has told us he suffered from a gambling addiction, and he has been supported by G, a self-exclusion service which prevents members from using gambling websites and apps within Great Britain. In that respect, he also had a gambling block applied through Starling on his account. In June 2025, he complained to Starling that it had allowed him to bypass the gambling block and he'd made over 3,000 payments to gambling websites who used company names that weren't recognised as gambling. He believes the transactions were only accepted because the relevant merchant website used incorrect merchant categorisation codes ("MCC").

He complained to Starling that it shouldn't have accepted the payments as they were coded as "shopping" or "electronics". He demanded reimbursement of all such disguised payments. He also asked Starling to instigate chargebacks for all such payments within the 120 day time limit.

Starling said the payments did not meet the requirements for a valid chargeback claim and that these requirements were as set out by its payment service provider, MasterCard. And that while it could not guarantee that every gambling or related transaction could be blocked, it would look to have those specific merchants blocked. It also said it was not able to assess each merchant's use of MCCs to ensure that they are correct and accurate.

On referral to the Financial Ombudsman Service, our Investigator didn't think the complaint should be upheld. They said that Starling had acted reasonably.

In response Mr K said that his complaint wasn't a chargeback dispute, rather that Starling had failed to act in accordance with banking regulations, Notably the Payment Services regulations that required it to establish the authority of each transaction, and if the merchant information is false, not to execute the transaction.

I issued a provisional decision. In it I said that although I had reached the same overall conclusion as the Investigator, I made some additional provisional findings, in particular concerning whether Starling should have identified gambling (outside Mr K's arguments concerning the MCCs).

Mr K responded to my provisional findings. Essentially, he says that at no point was his complaint about personal gambling or "authorising" payments. It is about the bank's failure to prevent and investigate clearly misrepresented transactions.

## **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 set out below my provisional findings:

*"I should clarify that I am concerned here with Mr K's individual complaint against Starling. I can't require Starling to change its processes for identifying gambling payments, or consider how other customers may be affected.*

*I've considered everything both parties have submitted to our service, including the rules and regulations Mr K has referred to. I won't go through every point raised and will focus on what I consider to be key to the outcome of this complaint. This is in line with the informal nature of our service.*

*responsibility for setting of the MCC*

*Our approach is clear in this respect. The merchant's bank and/or its card provider sets the appropriate MCC. And so I do not consider Starling to be responsible if the wrong MCC is used. I don't think it would be reasonable to expect it to carry out investigations into each merchant. It has advised that it has added some of the companies Mr K complained about to its block. But it might not be appropriate in some instances where the companies carry out other activities like entertainment or digital services.*

*Given that, I don't think Starling is in breach of any regulations in not recognising the MCCs being used.*

*Mr K has said the transactions were fraudulent. But as far as I can see, he knew he was gambling, no unauthorised third-party was involved and it appears that he was actively approving all of the transactions. I appreciate that he believes he didn't approve some transactions, but the evidence I've seen is that from Starling's logs the transactions went through the automatic approval system, whereby he was asked to approve them on the app. I haven't seen evidence that any of the transactions were fraudulent.*

*I'm aware also that Mr K contends that some of the companies were operating illegally or used fake names. But if they were trading without the necessary licence, or used fake names I don't believe that is a matter Starling would have been aware of. And, more importantly, in my view it wasn't under any duty to make enquiries into their business. I don't think it was for Starling effectively to police the businesses Mr K chose to make payments to. Mr K refers to one business, to which he made a large number of payments, that has been dissolved in the UK since 2022. However as Starling explained, that company is also registered outside the UK.*

*gambling block*

*I understand that Mr K used the block and felt the payments should have been covered by it. However I'm satisfied that Starling has provided the necessary information about this, particularly to explain that not all payments, particularly from overseas companies, will be stopped by the gambling block.*

*I'm mindful of Mr K's problems with gambling addiction. But I'm satisfied that he was aware for a period of some 20 months that his payments to those companies were not being blocked, and that when asked to do so, he authorised them rather than enquire about the gambling block's effectiveness. He has referred to a few payments which were blocked by the app. Mr K has told us that Starling blocked those payments whilst the companies were using the same MCC as the payments that were not blocked. I don't have any evidence that that was the case.*

*I don't think that there was anything wrong with the operation of Starling's gambling block. Rather, it has been effective but its website warns about situations such as Mr K's case where it won't be effective. And the evidence in my view shows that the payments that were not blocked used an MCC that didn't relate to gambling.*

*chargeback*

*I'm aware that Mr K has told us that his complaint isn't about chargebacks. Though for completeness, as he did raise it with Starling, I will deal with that here. I think there were two situations that Mr K points to as justifying a chargeback – that of fraud and the Mastercard rule concerning transaction laundering. I should advise that we have previously been in touch with MasterCard about this kind of situation. The position is that there are no chargeback rights for any sort of gambling transactions like those Mr K made. The rule relating to transaction laundering would not be applied in cases where the wrong MCC was used.*

*I've also dealt with the question of fraud. I don't think the transactions were fraudulent, in that Mr K received the service ie gambling, he applied for. So I don't think that chargebacks were applicable in this case.*

*identifying gambling*

*Mr K has explained to us that:*

- He was regularly taking loans from friends and family.*
- He had multiple soft credit searches showing attempts to access short-term credit.*
- His credit score dropped to 8 at one point.*
- He repeatedly attempted to obtain an overdraft, which Starling declined.*
- His account frequently dropped to low balances that required emergency top-ups.*
- Many transactions were funded by moving money between accounts to keep balances positive.*

*Firstly banks don't manually monitor accounts or have a mechanism to look for gambling activity beyond the MCCs. So we would consider whether there were triggers that could have led Starling to review the account, and if so, what it could have identified from such a review.*

*Mr K applied for an overdraft during the period complained of in May 2024 and in May 2025. It was declined on each occasion, I believe following a credit check. I've not been told whether his account record would have been reviewed on those occasions but I think it would have been reasonable for at least the two months prior to each application to be looked at. I've also noted the multiple transactions flagged for fraud which again might be expected to trigger a review of the account. I don't think the other issues were triggers, in particular soft credit searches aren't visible to prospective lenders.*

*If the account usage had been reviewed, it wasn't overdrawn at any time, though this was because Mr K made regular multiple transfers from other accounts. It would have shown multiple payments to overseas companies. And though these were not immediately identifiable as gambling, I believe the pattern of payments should have raised questions about likely gambling transactions.*

*The presence of gambling doesn't automatically mean that someone is vulnerable or compulsively spending. It could be an indication of vulnerability, but it wouldn't be appropriate for Starling to assume that a customer needs additional support just because gambling transactions are being made.*

*When Mr K did contact Starling, he explained that he had been registered with G for several years. He had the gambling block turned on and as I've noted above, made multiple gambling payments whilst being aware that they were not being stopped by the block. As I understand it, whilst Starling advised him of outside bodies that could give him support and offered its own welfare service, he didn't take this up. Presumably as he already had the support he needed.*

*To his credit, Mr K tells us that he has stopped gambling, and I appreciate that he has been through a difficult time. My view is that even if Starling had flagged the payments and asked Mr K about possible gambling problems, it's likely that such support wouldn't have been accepted.*

*So overall, I don't think Starling made an error in respect of the MCCs and I don't think it's liable to refund the gambling transactions. I also don't think any earlier offer of support would likely have prevented Mr K from making all those transactions."*

As regards Mr K's response to my provisional findings, I appreciate that his main complaints concern what he regards as Starling's failure to recognise the transactions. I think I've dealt fully with that in my provisional findings and I don't think it's necessary to respond in detail as he is essentially repeating his arguments.

I don't think though that I can ignore the fact that this arose out of his gambling. And this was clearly part of his complaint. With regard to his point about authorisation, I accept that he wasn't asked to authorise every transaction but he knew he was making them. So, as I've said they were not fraudulent.

Overall I remain persuaded by my provisional findings. Those findings are now final and form part of this final decision.

### **My final decision**

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 26 February 2026.

Ray Lawley  
**Ombudsman**