

The complaint

Mr P has complained that HSBC UK Bank PLC (“HSBC”) allowed gambling transactions to be made from his account, despite a gambling block being active on his account.

What happened

Due to a gambling problem, Mr P had arranged for a gambling block to be applied to his account. However, after Mr P had done this, he found a way to circumvent the gambling block due to how payments were processed to overseas gambling companies.

Unhappy that HSBC allowed the payments to be made from his account, even though a gambling block had been activated on his account, Mr P complained to HSBC. However, HSBC didn’t uphold Mr P’s complaint.

After Mr P referred his complaint to this service, one of our investigators assessed the complaint and they didn’t think that HSBC had acted unfairly or unreasonably.

As Mr P didn’t accept the investigator’s conclusions on the complaint, the matter was Referred for an ombudsman’s 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.

Having reviewed everything, I agree with the outcome reached by the investigator for broadly the same reasons.

I understand that Mr P had found a way to circumvent the blocks on his account, as gambling payments he was making, were successfully being made from his account.

Gambling blocks like HSBC’s work on an automated, rather than manual basis. Whereby HSBC’s payment systems identify the merchant category code (“MCC”) that has been applied to the merchant/retailer. And some merchants have multiple codes to account for the different types of products and services they offer. There is a specific MCC that gambling merchants (including those offering their services online) are supposed to use when processing card payments. So when a payment is made to a gambling company, HSBC’s systems will automatically block the payment, as it will identify the payment as being gambling related due to the MCC used.

But if a gambling merchant doesn’t use the correct code, or if payments are made to a non-gambling third-party, such as a payment service provider, then the gambling block won’t work.

I can see that the specific payments that Mr P has asked to be refunded were made in Euros. But rather than the payments being made directly to a gambling company, it seems that the payments in question were made to an overseas payment services provider. Or at least, this is how the transactions were presented in the payment data that HSBC has

provided. So, when the payments were processed, as the payments were presented as being made to a payment services provider, rather than to a gambling company, HSBC wouldn't have known who the underlying retailer was for the payments.

Another important point I need to make here is that HSBC is not responsible for the MCC's that merchants choose to use. That is a matter between the merchant and the card scheme operator. Because of this, it does mean that there are practical limitations on what transactions a gambling block can stop.

So in this case, Mr P says HSBC should be held responsible for the payments he made. But given that HSBC is not responsible for the type of MCC used; it has no control over what codes merchants may choose to use; and the MCCs used were not linked to gambling, I can't reasonably say that HSBC is at fault or acted unreasonably here.

In addition to his concerns that HSBC's gambling block wasn't working, Mr P has also said that HSBC should've been monitoring his account and intervened.

Customers' bank accounts and transactions are not routinely monitored or examined manually by businesses as a matter of course. HSBC would likely only have had reason to examine these payments if it suspected fraud or if Mr P had gotten into financial difficulty. But here, the payments were for relatively small amounts through a trusted device. And Mr P's account had a history of regular small payments being made into and out of the account. I haven't seen any evidence Mr P was struggling to fund these transactions (from his account with HSBC). As such, I am persuaded it's unlikely HSBC would have had a reason to examine these payments in detail. I have taken this into account when deciding what is fair and reasonable in this case.

I appreciate that, in being able to make these payments, Mr P has lost money to gambling. And I'm pleased to see that, in responding to Mr P's complaint, HSBC provided Mr P with information regarding an organisation who he can obtain further support from, regarding problem gambling. But in this case, I agree with our investigator that HSBC can't reasonably be held responsible, because the payments were made to an overseas payment service provider. So the MCC used to process those payments were not linked to gambling, which in turn means that I don't think it's unreasonable that HSBC's gambling block didn't stop the payments.

I appreciate that this may've been a difficult time for Mr P. And I would strongly urge Mr P to contact the organisation mentioned in HSBC's final response to his complaint, if he has not done so already. But I agree that this isn't a complaint we can uphold as it wouldn't be fair to hold HSBC liable for Mr P's spending in the circumstances.

My final decision

Because of the reasons given above, I don't uphold this complaint.

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

Thomas White
Ombudsman