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Gambling in the red

How banks can introduce safeguards to
tackle harm from gambling in overdrafts

Introduction

Overdrafts are an accessible form of borrowing, often used by those who are at risk of or experiencing gambling harm.¹ Gambling with borrowed funds can have severe and negative consequences, not just on an individual's finances, but also on their mental health and relationships.

People fund gambling through a variety of means, but a sure sign that it's causing harm is when people draw on borrowed money, such as overdrafts, to fund their gambling. Banking data can provide a lens on this form of debt-funded gambling. Data from the Behavioural Insights Team found that typically, people at higher risk of gambling harm are more likely to use their overdraft. Analysis of 1.5 million HSBC customers who gambled found that those in the highest-risk group of gamblers used overdrafts more often than those classed as "in control" of their gambling – 76% compared with 62% of "in control" customers.² Similarly, academic research using analysis of Open Banking data found that higher gambling is associated with a higher rate of using unplanned overdrafts.³ These findings suggest that people who are at the highest risk of gambling harm are the most likely to be using their overdraft to fund their gambling.

Banks, particularly current account providers who have a fairly comprehensive view of a person's financial situation, are in a prime position to identify when someone is gambling in their overdraft and step in to prevent harm.

¹ National Centre for Social Research. [Evaluation of the Credit Card Ban for Gambling in Great Britain](#). 2024.

² The Behavioural Insights Team. [Gambling behaviour: What can bank transaction data tell us? A feasibility study. Part 2: Analysis of HSBC UK customer data](#). 2021.

³ Muggleton N et al. The association between gambling and financial, social and health outcomes in big financial data. 2021.

A recognition of harm – the ban on debt-funded gambling with credit cards

The harm caused by gambling with borrowed funds is not new. The Gambling Commission acknowledged the disproportionate harm that arises from gambling with credit in April 2020,⁴ and took unprecedented action in introducing a ban to prevent gambling operators from accepting credit cards for gambling payments.

When introducing the ban, the Gambling Commission was alert to the fact that banning credit card gambling in isolation could have unintended consequences, with the potential for consumers to turn to alternative forms of borrowing to fund their gambling, such as overdrafts or loans.⁵ As such, the Commission urged financial services firms to introduce protections limiting gambling with other forms of borrowed funds.⁶ Despite this call to action, there has been little progress since 2020 to address the harm caused by gambling with other forms of credit.

A two-year evaluation following the ban's implementation found that the ban was widely perceived as delivering a step-change reduction in harm from credit-based gambling.⁷ It revealed that, for people with no or low levels of problems from gambling, there was a significant decrease in the likelihood of using borrowed money to gamble in the 12 months post-ban compared to pre-ban. Yet, for those experiencing high levels of problems due to gambling, there was no significant change in the likelihood of using borrowed funds to gamble.⁸

In this paper, we explore the experiences of people that have gambled in their overdraft facility – and consider the unique and acute harm experienced as a result of this form of debt-funded gambling. We then go on to explore opportunities for current account providers and their regulator, the Financial Conduct Authority (FCA), to further efforts to prevent foreseeable harm and to introduce a range of safeguards to support customers who are gambling in their overdrafts.

Gambling with overdrafts as an alternative source of borrowed money

Overdrafts are a flexible form of credit that customers can tip into, often without friction or restriction. If you exceed your agreed overdraft, you might typically slip straight into an unauthorised one instead. These factors contribute to overdrafts being an accessible, readily available and widely used source of borrowing. The FCA's 2024 Financial Lives Survey found that one in five (21%) adults were overdrawn or had been at some point in the previous 12 months.⁹ This equates to 11.4 million adults being overdrawn.¹⁰ Given the widespread rise in living costs¹¹ and the ease of access to credit via an overdraft, this is perhaps unsurprising. Yet, what presents a greater cause for concern is that 8% of UK

⁴ Gambling Commission. [Safety is at the heart of the credit card gambling ban](#). 2020.

⁵ Gambling Commission. [Advice to the Gambling Commission on actions to reduce online harms](#). 2019.

⁶ Gambling Commission. [Changes to licence conditions and codes of practice on the use of credit cards for gambling](#). 2020.

⁷ National Centre for Social Research. [Evaluation of the Credit Card Ban for Gambling in Great Britain](#). 2024.

⁸ Ibid.

⁹ Financial Conduct Authority. [Financial Lives 2024 survey: Credit & Loans selected findings](#). 2025.

¹⁰ Ibid.

¹¹ Francis-Devine B. [High cost of living: Impact on households](#). House of Commons Library. 2026.

adults (4.3 million) were constantly overdrawn on their current account or usually overdrawn by the time they got paid.¹² Being constantly overdrawn or 'in the red' can become a cycle of debt that is difficult to escape.¹³

Research on the evaluation of the credit card ban for gambling found that, after credit cards, overdrafts were one of the most prevalent forms of borrowed funds used for gambling.¹⁴ The research found that whilst most participants did not use borrowed money to gamble (86%), amongst those who did, nearly one in ten (9%) still managed to use a credit card, and one in twenty-five (4%) used an overdraft facility.¹⁵

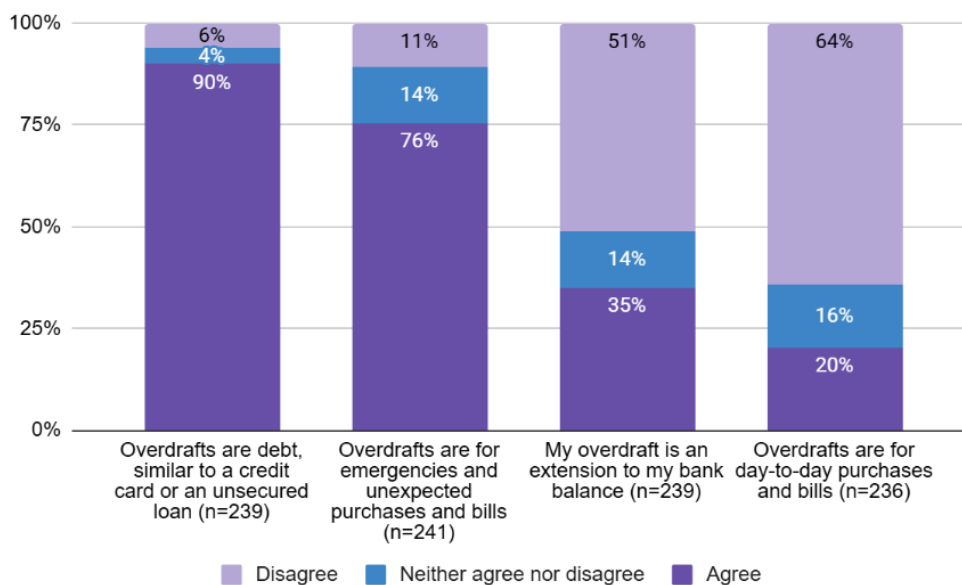
The lived experience and harm of gambling in overdrafts

To understand the experiences and harms associated with gambling in overdrafts, we surveyed members of the Money and Mental Health Research Community, a group of 5,000 people with lived experience of mental health problems or caring for someone who does. Follow-up interviews were also carried out with some respondents to explore their experiences in greater depth.

Attitudes towards gambling in overdrafts

As shown in Figure 1 below, nine in ten (90%) survey respondents agreed that overdrafts are debt similar to a credit card or an unsecured loan, and three-quarters (76%) agreed that overdrafts are for emergencies and unexpected purchases and bills.

Figure 1: The extent to which survey respondents agreed or disagreed with statements about overdrafts



Source: Money and Mental Health Research Community survey on gambling in overdrafts, December 2025.

¹² Financial Conduct Authority. [Financial Lives 2024 survey: Credit & Loans selected findings](#). 2025.

¹³ StepChange Debt Charity. [Stuck in the red: millions can't get out of their overdrafts](#). 2017

¹⁴ National Centre for Social Research. [Evaluation of the Credit Card Ban for Gambling in Great Britain](#). 2024.

¹⁵ National Centre for Social Research. [Evaluation of the Credit Card Ban for Gambling in Great Britain](#). 2024. Other forms of borrowed money used by participants for gambling were: borrowed money from family and friends (4%), other loans (3%), and payday loans (2%). Percentages do not sum to 100% as respondents could select more than one type of borrowed money.

Honing in on people who gamble in their overdraft facility, it's important to consider their circumstances, and the impact of using a fund intended for short-term borrowing or emergency use¹⁶ for gambling. Analysis of survey responses identified five themes which illustrate people's experiences of harm from overdraft-funded gambling:

Impact on mental health

A key theme that emerged from the research is the cyclical nature of mental health problems and financial difficulty. Respondents explained that their mental health problems had led to them using their overdraft to gamble, as gambling seemed to offer the possibility of escape. But this escape did not materialise, and instead, gambling in their overdraft led to further financial difficulty, which then exacerbated their mental health problems. Many spoke of the stress, anxiety, and depression that resulted from this cycle.

"It [gambling in my overdraft] has a massive effect on my mental health; it puts me in a darker place mentally and I do have sleepless nights wondering about what my financial situation is and how I can improve it."

Expert by experience

Others explained how the addictive nature of gambling interacts with their mental health condition, making it feel particularly difficult to manage their gambling.

"When I won, I would be on an even bigger high (I have bipolar), when I lost, I hit a bigger low."

Expert by experience

Impact on relationships

Many respondents talked about the damage to their relationships because of gambling with money from their overdraft. For many, the financial strain and the stress of the situation caused friction with partners. People spoke about withdrawing from their social groups and missing social occasions because they could not afford to go. This type of harm strips away the very support network that is crucial when struggling with compulsive or harmful gambling.¹⁷

"[Using my overdraft to gamble] made me depressed and caused friction with my wife, which heavily impacted my anxiety and depression."

Expert by experience

"Obviously, [it affects] your relationship with people, you withdraw from social events because you can't afford."

Expert by experience

¹⁶ Financial Conduct Authority. Banking: Code of Business sourcebook (BCOBS) 2.2B General information about overdrafts for personal current accounts.

¹⁷ Petry NM, Weiss L. Social support is associated with gambling treatment outcomes in pathological gamblers. 2009.

Gambling small amounts within an overdraft facility can lead to significant harm

A common misconception is that low-value gambling presents minimal risk. However, lived experience evidence suggests otherwise. Repeated small-stakes gambling, particularly when funded through overdrafts, can reinforce harmful behavioural patterns, including loss-chasing and habitual play. The absence of a hard financial boundary removes a natural stopping point, allowing harm to accumulate incrementally and often unnoticed. The experience of some respondents showed that relatively small amounts of money spent on gambling can spiral and cause real harm.

“I had a very small authorised overdraft of about £200, but regularly went over it into an unauthorised overdraft, because I'd use the money to... pay for gambling, and then go, oh, actually, I haven't even paid my council tax, or I haven't paid my heating bill, whatever it might be. So then it would obviously push further into my overdraft.”

Expert by experience

“I'm not a massive gambler. I won't go and spend like hundreds or thousands of pounds on football bets or horse races... To me, it's more, I would put like £10, £15, £20 on the lottery... And it just kind of spiralled, so I was putting myself into further debt. I was thankfully, if thankfully is the right word, able to increase my overdraft, just to be able to afford your daily stuff like your bread, your milk and anything else for your groceries.”

Expert by experience

For those already in debt and struggling to pay day-to-day living expenses, even small amounts gambled in their overdraft can lead to significant losses. This is in line with our previous research, which found that high gambling spend can be a red herring when it comes to harm.¹⁸ Harm can and does arise even at low levels of gambling spending, particularly when that spending is with money that a person does not have.

Constantly living in an overdraft

For customers who are consistently in an overdraft, gambling activity can feel artificially affordable. Respondents discussed being constantly overdrawn and using their overdraft as an extension of their income. They used their overdraft to pay for everything, including gambling, housing costs, food and bills.

“[Gambling in my overdraft] puts me in a more difficult situation as I know gambling then takes away from being able to pay any other bills.”

Expert by experience

¹⁸ Clifton L, Bond N, Heffron J. [Shining a light](#). Money and Mental Health Policy Institute. 2024.

“I would describe myself as a light gambler. I do not spend a lot each month. I know my overdraft is for emergencies and I should not use it unless necessary, but I do use it as an extension of my income and am always overdrawn, usually to the max... I have not managed to build my finances enough to pay it all back. I use it for spending on other things. My income does cover my food, bills and necessities, but not luxury items or household extras and clothing.”

Expert by experience

The vicious cycle of debt

The experiences that respondents described of gambling in an overdraft had much in common with debt-funded gambling more broadly,¹⁹ in terms of being in a vicious cycle of using debt to gamble further in the hope of winning and paying off losses.

“I used my overdraft to gamble in the hope of being able to pay it off. In doing so, I am putting myself in even more debt and then that puts me in a bad place, hoping that gambling will help me pay off my overdraft with a win.”

Expert by experience

Others expressed wanting so desperately to escape a situation, such as financial or relationship difficulties, that they turned to gambling in their overdraft in the hopes of winning big.

“I was in a coercive control relationship. And as part of that, my finances were significantly affected... But I was desperately trying to get out... But part of that was me going, oh, I'll just enter that, or oh, I'll just do that, because if I win £100,000 then I can get out of this, and I can pay everything off, and I can leave.”

Expert by experience

Crucially, the interaction between gambling and overdrafts can create a self-reinforcing cycle of debt. Gambling losses deepen overdraft usage, which in turn incurs fees and interest, increasing financial pressure and, for some, prompting further gambling in an attempt to recover losses. This cycle can escalate rapidly and is difficult to exit.

¹⁹ Lee J. [The vicious cycle of gambling and borrowing – what can banks do to support their customers?](#) Money and Mental Health Policy Institute. 2025.

Themes of customer harm from gambling in overdrafts from FOS complaints

To understand the breadth and depth of harm experienced from overdraft-funded gambling, we reviewed a sample of customer complaints to the Financial Ombudsman Service (FOS).

In the two years following the implementation of Consumer Duty, 409 complaints were made to the FOS related to gambling and overdrafts. Of these, 45% were upheld²⁰ meaning that, broadly, FOS found in favour of the customer nearly half of the time.

A qualitative analysis of the sample of upheld complaints revealed four clear themes for financial services firms. These are listed below:

- **Missed indicators of gambling harm** – Clear indicators of gambling harm should raise concern for firms, particularly at the point of issuing or increasing credit.
- **Failed to pick up signs of wider financial vulnerability** – Outside of whether a firm should have identified indicators of gambling harm, the bank should have picked up on wider indicators of financial vulnerability, such as a high number of active credit facilities showing on a customer's credit file and their increasing overreliance on their overdraft facility.
- **Failed to carry out sufficient checks before overdraft limits were increased** – Overdraft limits were often increased incrementally over time. While the first increases may have been sustainable and affordable for the customer, further increases by firms were approved without sufficient checks into the customer's financial situation.
- **Did not adequately communicate about overdraft use** – Passive communication from the bank was insufficient; there should have been direct, proactive communication and intervention when a customer was repeatedly in their overdraft and experiencing, or at risk of, financial vulnerability.

The safeguards customers want to prevent harm caused by gambling in overdrafts

It's clear from the experiences shared by our Research Community that gambling in overdrafts has specific and tangible negative impacts on an individual's finances, mental health, and relationships. Therefore, we asked our Research Community about what support they would like from their bank regarding gambling and overdrafts.

Survey respondents ranked eight actions a bank could take once it identified that a customer was using funds from their overdraft to gamble. The actions that respondents most frequently ranked as having the greatest impact were:

²⁰ Financial Ombudsman Service. We reviewed the [Ombudsman decisions database](#) for search results using keywords 'gambling' and 'overdraft', in the Banking, credit and mortgages sector, between the dates 31/07/2023 and 30/07/2025. We analysed a sample of 21 complaints, 11% of the 186 relevant complaints that were upheld in this period.

- Almost half (48%) said banks should **send an alert** about the value of payments going to gambling firms from a customer's overdraft
- 45% said banks should **limit the amount** of money from a customer's overdraft that can be used for payments to gambling firms. ²¹

The intervention ranked lowest, with fewer than one in eight respondents (13%) ranking it as their first choice, was 'none of these interventions – the bank should do nothing as it is not their business how a customer spends their overdraft'.²² These findings suggest there is an appetite for banks to intervene to support people who are gambling in their overdrafts.

Research Community members who had directly experienced harm from gambling in their overdrafts suggested that if the bank had picked up on signs that they were struggling and intervened, they may have experienced less harm overall. Respondents emphasised that banks' approaches need to be supportive and non-judgemental, as well as open and communicative, to avoid increasing worry and stress for an individual who is already struggling with their gambling.

"Banks need to be firm, but also show empathy to somebody using their overdraft for gambling, because that person is vulnerable and their mental health could also be affected. Banks shouldn't make the person feel worse; they need to be supported and guided to the right place for help."

Expert by experience

Respondents noted the importance of banks encouraging customers to contact specialist agencies that could offer further support with gambling, debt, and money management. There was an understanding that while banks have a role to play in preventing harm, a broader ecosystem of support is needed for those struggling with gambling, with banks just one crucial actor in this.

"Signposting people to support is the most important and ensuring customers know the cost of using the overdraft for this purpose."

Expert by experience

The regulatory framework already exists for banks to take action on gambling in overdrafts

The harm from gambling in overdrafts is clear. Fortunately, it doesn't need to go unnoticed. With their privileged position to see the source of funds their customers use to gamble, banks have an opportunity to respond to this emerging harm and step in before it escalates.

²¹ Base for this question: 201 respondents with experiences of gambling and mental health problems. The survey was open 12 to 23 December 2025.

²² Base for this question: 201 respondents with experiences of gambling and mental health problems. The survey was open 12 to 23 December 2025.

Table 1 below lays out the existing regulations and guidance that require firms to intervene when they can see harm, and what this means when applied to the specific harm arising from gambling in overdrafts.

Table 1: Existing relevant regulation and guidance

Regulation	What it means for firms	Implications for gambling in overdrafts
2021 – FCA Guidance for firms on the fair treatment of vulnerable customers. ²³	<p>Sets out the actions that firms should take to treat vulnerable customers fairly. Specifically:</p> <ul style="list-style-type: none"> • Consider the potential positive and negative impacts of a product or service on vulnerable consumers. • Design products and services to avoid potential harmful impacts. <p>The FCA's definition of a vulnerable customer is broad, covering anyone who is especially susceptible to harm, particularly when a firm is not acting with appropriate levels of care.</p>	<p>When increasing an overdraft, banks do not systematically check whether there is gambling on the account – only high-level indicators such as missed payments or returned direct debits.</p> <p>Using only the bluntest indicators of financial vulnerability, when granting or increasing an overdraft limit, banks are providing a product that poses a severe risk of harm to vulnerable customers and failing to consider its negative impacts.</p>
2023 – FCA Consumer Duty. ²⁴	<p>Requires firms to 'avoid causing foreseeable harm to customers, through its actions or by failing to act, either in its direct relationship with a customer or through its role in the distribution chain.'</p>	<p>Debt-funded gambling is a foreseeable harm, so banks have a duty to identify where this is occurring and intervene. If not, they are failing to act under Consumer Duty.</p> <p>Where banks are profiting (via overdraft interest and charges) from a customer's harmful gambling, they could be seen to be facilitating and benefiting from foreseeable harm.</p>

²³ Financial Conduct Authority. [FG21/1: Guidance for firms on the fair treatment of vulnerable customers](#). 2021.

²⁴ Financial Conduct Authority. [FG22/5: Final non-Handbook Guidance for firms on the Consumer Duty](#). 2022.

<p>2024 – Consumer Credit Sourcebook (CONC) 5D Overdraft Repeat Use.²⁵</p>	<p>Repeat overdraft use is defined as ‘where the frequency or depth of use may (...) indicate that the customer is experiencing or at risk of financial difficulties.’ Firms should:</p> <ul style="list-style-type: none"> • Monitor customers’ patterns of overdraft use • Identify customers with patterns of repeat use • Take appropriate steps to change such patterns of use. <p>Where firms identify a pattern of repeat use and signs of financial difficulty, firms are required to make contact with the customer and set out suitable options to:</p> <ul style="list-style-type: none"> • Help them reduce their overdraft limit • Provide support to address their financial difficulties. 	<p>There is no obligation under CONC for firms to monitor gambling specifically; they are required to monitor accounts for indicators of vulnerability and respond appropriately.</p> <p>Repeated use of an overdraft to fund gambling is a clear sign of actual or potential vulnerability.</p> <p>Under CONC 5D requirements, banks should address this as part of their overdraft monitoring activities and reach out to customers with offers of support before harm escalates.</p>
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The regulatory environment has evolved to reflect the increased focus on outcomes for vulnerable customers. Most recently, updates to the Consumer Credit Sourcebook (CONC 5D) in November 2024 form part of changes to strengthen protections for borrowers in financial difficulty and wider reforms to the overdraft market.²⁶ Overall, the regulatory framework requires that firms act in their customers’ best interests. To this end, we would argue that this means firms should intervene to prevent foreseeable harms arising from customers’ gambling in their overdrafts.

Exploring the challenges of implementing safeguards to protect customers’ gambling in overdrafts

There is customer appetite for banks to implement safeguards around gambling in overdraft facilities. However, we recognise that with change comes new challenges. Through close engagement with current account providers, we’ve identified three key challenges banks may face in safeguarding customers who are gambling in their overdrafts.

²⁵ Financial Conduct Authority. [Consumer Credit sourcebook \(CONC\) 5D Overdraft repeat use](#). 2024.
²⁶ Financial Conduct Authority. [PS19/16: High-cost Credit Review: Overdrafts policy statement](#). 2019.

- **Perception of overdrafts as ‘my own money’** – Banks may be concerned that customers perceive overdrafts as their own money, and that restricting their use could be viewed negatively. Regardless of customer attitudes, any perception that overdrafts are someone’s own money, rather than borrowed funds, is false. If banks lean into this false narrative, they risk failing to meet their Consumer Duty requirements to help customers understand the decisions they are making and the risks they are taking.²⁷ Moreover, our research found that this concern may be overstated (see Figure 1 above), with many customers recognising overdrafts as debt and potentially being more supportive of safeguards than assumed. Framed appropriately, interventions to prevent harm arising from debt-funded gambling offer firms an opportunity to be viewed positively by their customers, by demonstrating that they are taking steps to prevent foreseeable harm.
- **Risk of customer complaints** – Firms are understandably concerned that introducing restrictions on gambling in overdrafts could lead to increased customer complaints with associated financial, operational and reputational costs. However, complaints around gambling and overdrafts are already an issue for banks, with almost half (45%) of gambling in overdraft complaints in the two years between July 2023 and July 2025 upheld by FOS.²⁸ Often, as our analysis earlier in this paper identified, these complaints are upheld on the basis that banks failed to act despite clear signs of financial distress. Proactive safeguards could therefore reduce complaint volumes over time by addressing the root causes of harm and aligning with regulatory expectations to prevent foreseeable harm.
- **Technical implementation challenges** – Banks have highlighted the technical challenges in introducing safeguards on overdraft-funded gambling, particularly in distinguishing whether gambling payments were made from a customer’s own funds or their overdraft. Evidence from banks currently exploring these safeguards suggests that technical challenges are by no means insurmountable. Banks can build on existing automated authorisation processes that check the transaction’s Merchant Category Code (MCC) and confirm whether the customer has available funds in their account to cover the transaction. For overdrafts, banks can add an extra layer of verification to check available funds. Though it may take time and investment to develop, solutions are feasible and proportionate, particularly when weighed against the potential to significantly reduce customer harm.

²⁷ Financial Conduct Authority. [Consumer understanding: good practice and areas for improvement](#) 2026.

²⁸ In the two years post-implementation of Consumer Duty (between July 2023 and July 2025), there were 409 complaints on the [Ombudsman decisions database](#) related to gambling and overdrafts, and 45% (186) were upheld.

Addressing potential unintended consequences of introducing safeguards to gambling in overdrafts

Beyond these firm-level concerns, introducing safeguards around gambling in overdrafts carries the risk of unintended consequences. Here, we explore the three most likely:

- **Risk of customers reordering spending to prioritise gambling** – Customers may prioritise gambling while their account is in credit, and then rely on their overdraft to cover essential living costs. While this could reduce the visibility of gambling transactions funded directly by overdrafts, it does not remove the underlying risk. Patterns of persistent overdraft use and financial strain would remain identifiable.
- **A potential shift towards riskier forms of credit** – There is a risk that some customers, particularly those experiencing more severe gambling harm, may turn to higher-risk forms of borrowing, such as payday loans, to sustain their gambling activity. Evidence from restrictions on credit card gambling does suggest that individuals with more acute or compulsive behaviours specifically are more likely to seek alternative funding sources.²⁹
- **A shift towards unregulated gambling sites** – A further concern is that customers may move towards unregulated or illegal gambling sites to circumvent safeguards. These operators may use non-gambling-related MCCs, making them harder for banks to detect and block.

None of these unintended consequences undermines the value of introducing safeguards that would protect the majority of customers from the harms that can result from gambling in an overdraft. They do, though, speak to the need for banks to complement these safeguards with monitoring to identify those at greatest risk of gambling harms, who may also be most at risk from these unintended consequences, and to reach out to them to offer support.

²⁹ National Centre for Social Research. [Evaluation of the Credit Card Ban for Gambling in Great Britain](#). 2024.

Recommendations

In this policy note, we have explored how the lack of bank-led safeguards for gambling with overdrafts is putting customers at risk of experiencing mental health difficulties, along with financial and relationship harm. The regulatory framework is clear that banks must take action to prevent harm, and they should be focused on good outcomes for their customers. In keeping with an outcomes-based approach, we set out below a range of actions that banks could take to tackle harm from gambling in overdrafts.

Table 2: Recommendations for banks to introduce safeguards to gambling in overdrafts

Recommendation	Detailed description
Offer customers the option to block gambling in authorised and/or unauthorised overdrafts	At a minimum, banks should offer customers greater control over their spending by allowing them to opt in to a self-serve block on gambling in their overdrafts, with a level of friction similar to the Bank Gambling Block. Banks could offer this as an option in either a customer's unauthorised or authorised overdraft, or both, giving them more flexibility over how much risk they want to take on their own funds, while preventing them from accumulating debt.
Identify and proactively communicate with all customers who are identified as gambling within an overdraft	Banks should introduce transaction data analysis and proactive, targeted communications, as we explored in our recent policy note, <i>First line of defence</i> ³⁰ , to identify and contact customers that are gambling with funds from their authorised and unauthorised overdrafts. Transaction data analysis enables banks to examine detailed records of their customers' payments, deposits, and transfers to identify patterns and trends. Firms should send communications about the risks of using overdrafts to gamble, as well as information about gambling support tools, to customers identified as having gambled in their overdrafts.
Review internal policies about what triggers an overdraft review	Banks should review their internal policies in line with CONC 5D on Overdraft Repeat Use to include gambling indicators as triggers for overdraft reviews. In line with their requirements under CONC 5D.3.2R, firms should support any customer who shows signs of actual or potential financial difficulty. Such reviews might result in the bank suggesting a block on gambling in overdrafts or in reducing their overdraft limit. The latter may result in greater financial hardship, so banks must take an individualised approach and monitor customer outcomes.

³⁰ Clifton, L, Bond N. *First line of defence*. Money and Mental Health Policy Institute. 2025.

<p>Automatically block gambling payments in <u>authorised and unauthorised</u> overdrafts</p>	<p>Blocking gambling payments from customers' accounts identified as originating from an authorised or unauthorised overdraft would enhance a bank's ability to protect its customers from harm. By targeting and blocking the use of overdrafts for gambling transactions, banks would ensure that a widely available, easily accessible, and frequently extended form of credit could no longer be used for gambling.</p> <p>An automatic block on gambling in overdrafts for all customers has the potential to prevent harm for a wide range of people, not just those who are spending large amounts on gambling. Testimony from our Research Community tells us that harm can spiral from relatively small amounts spent, so a universal block on all customers' gambling with funds from their overdraft could prevent more people from getting to the stage where they experience harm to their mental health and finances because of gambling in overdrafts</p>
<p>Automatically block gambling payments in <u>unauthorised</u> overdrafts only</p>	<p>Payments in unauthorised overdrafts are spending beyond a limit that was deemed affordable at the time the overdraft limit was initially granted. Unauthorised overdrafts also incur the highest charges for the customer, putting them further in debt. An option for banks, therefore, would be to automatically block gambling payments in unauthorised overdrafts only.</p>

Whichever solutions banks implement, they should carefully monitor and evaluate their effects to spot any unintended consequences, and share these learnings with the wider sector to ensure lessons are learnt and good consumer outcomes remain a priority.

Of course, these efforts by firms to better protect and support customers and meet their regulatory requirements should not stand alone, and the financial services regulator, the FCA, can do more to support firms that take innovative steps to meet Consumer Duty requirements. Below, we suggest two ways in which the FCA should help financial services providers support customers who use their overdrafts to gamble and are at risk of, or experiencing gambling harm:

- **Highlight good practice** – While we welcome FCA regulatory changes that have increased consumer protections around overdrafts, the way firms are expected to apply these to gambling in overdrafts can still be unclear. The FCA should proactively highlight specific examples of good practice by financial services providers in tackling gambling harms amongst their customers who gamble in their overdrafts. This would offer much-needed insight into how other organisations have tackled the issue and could encourage more of the sector to take action to address the harm caused by debt-funded gambling.

- **Monitor outcomes for vulnerable customers** – In their 2026 Regulatory Priorities for Retail Banking, the FCA said it would monitor the market to identify poor consumer outcomes, especially for customers in vulnerable circumstances or who are getting poor value, and will take action against outliers.³¹ Under this regulatory priority, the FCA should monitor outcomes specifically for customers gambling in overdrafts, as a group currently disproportionately experiencing negative outcomes.

Conclusion

Banks have already taken bold, proactive steps on gambling with borrowed funds. When operationalising the ban on gambling on credit cards at a gambling operator level proved harder than anticipated,³² banks quickly stepped in by blocking gambling on credit cards at source. Banks have taken similarly positive steps in other areas, such as cryptocurrency, where harm was similarly visible. From 2025, a large number of banks proactively introduced safeguards around customers' spending on cryptocurrency.³³ In doing so, banks took proactive steps to protect customers against the risk of debts they can't repay.³⁴ These provide excellent examples of how banks have responded to emerging harms and taken a strong, principles-based approach, going beyond what regulation requires.

However, there is a tension between this proactive customer-protection stance and the continued facilitation of gambling in overdrafts. Currently, banks block gambling payments from one form of credit – a credit card, whilst permitting gambling payments to be made from another form of credit – an overdraft. This sends a confusing message to customers on the use of borrowed funds for gambling and presents a challenge to firms in their responsibilities under the Consumer Duty to prevent foreseeable harm.

Current account providers are in a prime position to address the harm experienced by gambling in overdrafts. Positively, some banks are exploring introducing such safeguards. Their experience, and crucially the results they see from this positive action, will be vital in encouraging other banks to intervene on this issue. We would encourage firms that introduce these safeguards to share their learning and outcomes with others in the sector, to give them both the confidence and the insight to take this forward in the best interests of their customers.

³¹ Financial Conduct Authority. [Regulatory Priorities: Retail Banking](#). 2026.

³² National Centre for Social Research. [Evaluation of the Credit Card Ban for Gambling in Great Britain](#). 2024.

³³ As at point of writing (March 2026), Starling blocks both debit card and bank transfers to buy or sell crypto. HSBC, Nationwide, Barclays and Santander all impose daily or monthly limits on the amount spent from a debit card on crypto, and an outright ban on crypto purchases from a credit card. Natwest blocks transactions to and from major crypto exchanges.

³⁴ For example, Barclays' [webpage on their limits for payments made to cryptocurrency exchanges](#) (accessed 25/03/2026) explains "We're doing this because a fall in the price of crypto assets could leave you with debts you can't afford to repay." On Starling's [webpage for why they decline cryptocurrency transactions](#) (accessed 25/03/2026) they say "We've made this decision to help protect our customers."

