

The complaint

Mr L complains that Metro Bank PLC unfairly placed a Credit Industry Fraud Avoidance System (CIFAS) marker against his name. He's also unhappy that Metro closed his accounts. He wants Metro to compensate him for the distress and inconvenience this caused.

What happened

Mr L had three accounts with Metro.

In August 2015, a cheque for £21,000 made out to Mr L, was paid into his account ending 0598, which was an account he hadn't used since March 2015. The cheque was paid into the account at a branch.

Metro identified that the cheque was fraudulent and was drawn against an account which had been closed at another bank - meaning the holder of the account from which it was made hadn't authorised the payment. Metro stopped the cheque, closed 's accounts with 7 days' notice and placed a CIFAS marker against his name. Mr L didn't respond to the closure notice.

In September 2018, Mr L contacted Metro after he'd visited a store to try and open a new account with the bank and had been told he couldn't open a new account as the bank had closed his previous account. Metro told Mr L that he could write to the bank to find out why it had closed his account. But Mr L didn't do this and instead he managed to open a new account online with the bank. And on 13 September 2018, he called the bank to activate his new bank card.

On 9 November 2018, Metro sent Mr L an email to let him know it was closing his recent online opened account on 16 November 2018. However, from 9 November 2018, Metro blocked Mr L's account which meant he wasn't able to use it or receive credits into the account.

On 10 November 2018, Mr L rang Metro as two credits of £30 and £50, which he was expecting into his account from his friend and partner, hadn't cleared. He explained that he needed the money for petrol and to buy food for his children. Metro explained that the payments had been returned to the sending banks. Mr L says this caused him a great deal of stress and inconvenience. And says Metro should have honoured the notice period instead of blocking his account.

In December 2019, Mr L discovered that Metro had recorded a CIFAS marker against his name because of the fraudulent cheque which had been paid into his account. He complained to the bank, saying he knew nothing about the cheque. He told Metro that he believed his bank details had been compromised and suspects he's been the victim of a scam. Mr L said that he'd lost the bank card to his account ending 0598 in June or July 2015, which he says is possibly how his bank details had been compromised. But he didn't report the loss of his card to the bank as he was still able to use his bank cards relating to his other Metro accounts.

Mr L says over the last four years because of the marker he hasn't been able to open bank accounts or obtain credit. And any bank account he's managed to open were closed soon after opening. So, he's had to use his partner's account for his banking needs. He says he hasn't done anything wrong and Metro has treated him unfairly when it applied the CIFAS marker. So, he wants Metro to compensate him for the trouble and upset he's suffered.

In response to Mr L's complaint Metro said it hadn't done anything wrong when it closed Mr L's accounts and recorded the CIFAS marker. It said it was unclear how someone other than Mr L would have been able to access the £21,000 which was paid into his account. However, as a gesture of goodwill it decided to remove the CIFAS marker. Mr L was unhappy with this response. So, he brought his complaint to our service where one of our investigator's looked into things for him.

The investigator was satisfied that the cheque was fraudulent, and that Metro hadn't made a mistake when they placed a marker against Mr L's name with CIFAS. She also said Metro were entitled to close his accounts. But she said it should have given him more notice instead of blocking his account. She said this had caused Mr L inconvenience and that Metro should pay him £50 compensation.

Mr L disagreed. In summary, he said he didn't agree Metro had enough evidence to show that he had been knowingly involved in the fraud. He didn't know when he lost his bank card but said it was before someone had paid the cheque into his account. He maintained that it wasn't him who had paid the cheque into the account and had Metro contacted him at the time he would have explained this to the bank.

As no agreement could be reached the matter has come to me to decide.

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 have however come to the same overall conclusions as the investigator did, and for similar reasons.

Having looked at all the evidence I'm satisfied that the cheque paid into Mr L's account in August 2018 was fraudulent. But before placing a fraud marker against 's name, Metro needed to have a reasonable belief that a financial crime had been committed and that the evidence was such that the matter could be reported to the police. A suspicion or concern isn't enough. So, I've looked at whether Metro was fair to apply the marker, based on the evidence it had and the investigation it carried out, and what the rules say about applying such markers.

Mr L told Metro and the investigator he didn't pay the cheque into the account. And was in another area on the day it was deposited. That may well be the case but that doesn't in itself show that he didn't have an awareness of the cheque. It's quite possible that a third party deposited the cheque with his consent and knowledge. I'm also satisfied that the branch CCTV footage (if it was still available) of someone other than Mr L depositing the cheque wouldn't establish Mr L wasn't expecting the deposit.

Mr L has suggested that an unknown third party got hold of his bank account details and paid the cheque into his account. He's told us that he lost his bank card for the account which the cheque was paid into. So, he says this is how someone else might've managed to get his account information.

I've thought carefully about what he's said. Having done so I think it's unlikely that an unknown third party would pay a cheque into Mr L's account when they would have no means of accessing the money. I say this because even if I accept Mr L did lose his bank card, and the cheque was paid in without his knowledge, in order to access the funds, then not only would the unknown third party need Mr L's bank card, they'd need to know his PIN. But Mr L has told us that he has never disclosed this to anyone else. There's also no evidence that a new PIN was requested, or Mr L's existing PIN was changed. So, I can't see how an unknown third party who found Mr L's bank card would be able to access the £21,000 paid into his account.

I've also kept in mind that Mr L didn't report his card as lost to the bank. And only did so once he became aware of the CIFAS marker, which was in late 2019. If Mr L had lost his card in 2018 as he's suggested, I would've expected him to alert Metro that his card was lost or stolen at the time in order his account could be safeguarded against fraud. I also don't think an unknown third party would run the risk of having to wait for the cheque to clear before being able to access the funds, which in this case would've been four working days, during which time Mr L may have discovered his account had been compromised.

So, when I weigh everything up, I'm not persuaded by Mr L's version of events that he knows nothing about the cheque. Even if someone else had taken or found Mr L's bank card there isn't a plausible explanation of how they would then gain access to the money. Taking everything into account even if Mr L didn't pay the cheque into his account himself, then I think he allowed someone else to do so.

Mr L says the bank should've asked him about the cheque at the time. But I can see Metro did offer to explain its actions to Mr L on more than one occasion, which would've also provided Mr L an opportunity to explain his side of things. But Mr L didn't contact the bank to do so. Mr L has since been given another opportunity to provide more detail around the cheque deposit, he wasn't able to provide any evidence to support what he's said about the cheque, but as a gesture of goodwill Metro removed the CIFAS marker.

In the circumstances, I think there would've been good grounds to report the events here to the police to investigate, and that Metro was therefore justified in placing a CIFAS marker against Mr L's name. So, it wouldn't be appropriate for me to award Mr L compensation since I don't think Metro acted inappropriately when it applied the marker.

I then turn to the bank's decision to close Mr L's accounts, which it did on two occasions – in 2015 and 2018.

As the investigator explained, it's generally for banks to decide whether or not they want to provide, or to continue to provide, banking facilities to any particular customer. Unless there's a very good reason to do so, this service won't usually say that a bank must keep customer or require it to compensate a customer who has had their account closed.

On 11 August 2015, following the deposit of the fraudulent cheque into Mr L's account, Metro blocked all of his accounts. Following this the bank decided to close his accounts and it wrote to him on 21 August 2015 to let him know his accounts would be closed within 7 days. The letter also told Mr L that Metro would not be prepared to offer Mr L a new account.

Banks should give reasonable notice before closing an account. Usually, that means 60 days' notice, but it can be less – depending on the circumstances. In this case, because Metro blocked Mr L's accounts, I consider Metro closed Mr L's accounts immediately. In my view that was reasonable, given the concerns the bank had about how Mr L was operating his account. Metro was entitled to close Mr L's accounts and did so in line with the account

terms and relevant regulations. So, whilst appreciate this caused Mr L inconvenience, I can't say Metro treated him unfairly when it decided to close his account in 2015. However, I note Metro didn't return Mr L's balance to him at the time, which was 70p. So, I share the investigator's assessment and think Metro should return this to Mr L now.

Mr L managed to open another account with Metro in September 2018. Metro bank emailed Mr L on 9 November 2018 to let him know it would be closing this account on 16 November 2018. Metro also blocked the account, which meant Mr L couldn't use it. And no credits could be paid into the account.

On 10 November 2018, Mr L rang Metro after two payments of £30 and £50, which was money he'd arranged to borrow from a friend and his partner, had failed to credit his account. I've listened to the call recording of Mr L's conversation with Metro. He explained that he was relying on the money he was expecting to pay for petrol and care for his children and wasn't aware his account was blocked. And because he couldn't access the account, he was left without any money to pay for things needed by him and his family. In response, Metro told Mr L that the money had been returned to the sending banks. So, Mr L had to go to the trouble of contacting his friend and partner to try and track down the payments.

I've also seen a copy of the email Metro sent to Mr L on 9 November 2018, which told Mr L his account would be closed on 16 November 2018. But the email didn't state Mr L wouldn't be able to use his account up until that time or accept payments. So, I can understand why Mr L was upset and angry when Metro told him the credits he was expecting wouldn't be applied to his account. I think Metro could have been clearer with Mr L about the operation of his account. And if it had given him clearer information, I don't think Mr L would've arranged for his friend and partner to pay money into an account he couldn't access. So, I'm satisfied Mr L suffered inconvenience and I think Metro should pay Mr L £50 compensation.

My final decision

My final decision is that I partly uphold Mr L's complaint. Metro Bank PLC should pay Mr L £50 compensation for not providing him with clear information about the closure of his account, return Mr L's closing balance of £0.70 plus 8% simple from 11 August 2015 until the date of settlement.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 30 October 2020.

Sharon Kerrison
Ombudsman