

The complaint

Mr M complains that Metro Bank PLC blocked his account without reason then closed it.

What happened

The background to this complaint and my initial conclusions were set out in my provisional decision. I said:

Mr M had a current account with Metro. On 17 November 2021 Mr M transferred £6,142 into his Metro account from another account he held with a different business (N).

On the same day, N sent Metro an email that said it had concerns about a potential scam involving Mr M. N said it had asked Mr M some questions about a transfer and he'd chosen to close his account. Metro blocked Mr M's account on the same day.

On 24 November 2021 N sent another email that said Mr M had been in touch to raise concerns his account with Metro had been blocked. N confirmed its concerns related to funds Mr M wanted to transfer to another business. N said it didn't have concerns about the source of Mr M's funds. N asked Metro to get in contact if it had any further questions.

Over the following two weeks Mr M repeatedly called Metro to ask for help removing the block on his account. On 7 December 2021 his account remained blocked and Mr M called Metro. During the call, Mr M became upset and distressed. He explained the impact of Metro's block on his account and that he had no way of paying priority bills, his mortgage or living expenses. Mr M also explained that he was unable to work as he didn't have an active bank account.

During Mr M's call on 7 December 2021 Mr M explained how frustrated the situation had made him feel and said he could react violently if he visited a branch.

On 8 December 2021 Metro discussed Mr M's account with N again and on 9 December 2021 his account block was removed. Metro didn't tell Mr M the block was removed or that he was able to use his account again. But Metro did write to Mr M on 9 December 2021 to say it was giving 60 days' notice to close his account.

On 14 December 2021 Metro sent Mr M a letter giving seven days' notice to close his account. It was closed on 21 December 2021. As Mr M hadn't been told his account was unblocked before Metro took the decision to close it, he didn't transfer the remaining funds or complete any transactions. As a result, Mr M's money remained in his account when it was closed.

Mr M referred his complaint to this service and it was passed to an investigator. The investigator contacted Metro to make arrangements for Mr M's funds to be released. Further delays occurred when a transfer wasn't correctly processed by Metro. Ultimately, Mr M had to visit a branch of Metro to receive his money.

The investigator upheld Mr M's complaint and Metro agreed to pay him £300 for the distress and inconvenience caused by its actions. Mr M asked to appeal and said the £300

settlement didn't reflect the impact of the problems raised. Mr M explained car and home insurance had been cancelled as a result of his insurers being unable to collect premiums. Mr M has also told us he had no access to another bank account and had to rely on friends and family during this time. As Mr M asked to appeal, his case has been passed to me to make a decision.

What I've provisionally 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 are several issues I need to consider when deciding how to fairly resolve Mr M's complaint. I'll start by looking at the transfer Metro received on 17 November 2021 and its decision to block Mr M's account.

Metro received a transfer for £6,142 and paid it to Mr M's account. Metro also received an email from N that raised concerns over a transfer he'd tried to make. Metro took the step of blocking Mr M's account on receipt of N's email. I've read the message Metro received and whilst I understand the account terms allow it to block an account in certain circumstances, I think it should've done more to clarify the situation in this case. Instead, Metro blocked Mr M's account and access to his funds. I can't see anything that shows it took urgent action to either clarify the reason for N's email or contact Mr M for further information. But I can see Mr M repeatedly contacted Metro to ask how to resolve the matter.

N contacted Metro again on 24 November 2021 and confirmed it had no concerns about the origins of Mr M's funds. But Metro still doesn't appear to have taken action to remove the block until it spoke with N on 8 December 2021, some two weeks later. At this stage, Mr M had no banking facilities and no access to his funds. I can see Metro was informed of Mr M's circumstances throughout this period and that he was becoming increasingly distressed.

Whilst I understand Metro has to take measures against fraud, I'm satisfied mistakes and unreasonable delays have had a substantial impact on Mr M. I haven't seen anything that reasonably explains the length of time it took Metro to resolve the situation.

Metro says it took the decision to close Mr M's account following his call on 7 December 2021. I've listened to this call. And I heard Mr M make use some aggressive language. That being said, I think it's important to consider the context of Mr M's call and the level of delays and lack of information he'd been given over a period of three weeks. I also think it's reasonable to say the call handler showed a lack of empathy and understanding to Mr M that increased his frustration.

Whilst I agree the comments Mr M made were unwise, I'm satisfied they came about as a result of his distress and frustration at the lack of assistance and unexplained delays. I'm surprised that, following his call, Metro took the decision to close Mr M's account. I'm further surprised that despite initially giving Mr M 60 days' notice it was reduced to a week a short time later.

A couple of days after that, Metro spoke with N and removed Mr M's account block. But Metro didn't tell Mr M so he had no way of knowing his funds were unblocked. I recently asked Metro to explain why it took the step of reducing the notice period to close Mr M's account from 60 to seven days. Metro says that was a commercial decision. But I'm not persuaded the decision was fair for Mr M having taken the preceding events into account.

Especially taking into account that Metro failed to notify Mr M the account blocks were removed in the short time available before it closed his account.

Further to the above, there were additional delays in releasing Mr M's funds even after his account was closed. A transfer Mr M requested wasn't processed correctly. And Mr M was left with the only option of visiting a branch to obtain his funds. Given the reason Metro closed Mr M's account I can understand why he felt it was particularly unfair that his only option was to visit a branch to obtain his funds. Mr M was only able to obtain his money in January 2022, around two months after the transfer was received from N.

Whilst I agree Mr M made some unwise comments during his call on 7 December 2021, I'm satisfied Metro caused him a substantial level of distress and inconvenience over an extended period. Metro incorrectly interpreted N's initial email and took too long to establish the reason behind N's initial email. Looking at the level of contact Mr M made with Metro, I can see him becoming increasingly frustrated, upset and despondent at the unexplained delays and lack of progress. I can find no reasonable explanation for the timescales involved in reviewing the account block Metro applied. As noted above, N specifically emailed Metro on 24 November 2021 to confirm it didn't have concerns that Mr M was attempting fraud. But it took a further two weeks before Metro spoke with N. Even after Metro confirmed N's stance, it didn't notify Mr M the account block had been removed.

In the background, Mr M was repeatedly asking for Metro's help without success. Mr M has explained he closed his bank account with N and his only other open account was with Metro. Mr M has also provided evidence to show insurance payments were returned unpaid and that he suffered significant inconvenience as a result of the way Metro handled his transfer. Whilst I'm pleased Metro agreed to increase the settlement offered to Mr M, I'm not persuaded that £300 is a fair reflection of the level of distress and inconvenience caused.

I intend to uphold Mr M's complaint and significantly increase the level of compensation awarded to reflect how he was impacted. In my view, Metro should pay Mr M £1,500 to reflect the distress and inconvenience it caused in the way it handled his transfer and closed his account.

I invited both parties to respond with any additional information or comments they wanted me to take into account before I made my final decision. Mr M responded to confirm he accepted the provisional decision. Metro didn't respond.

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.

As Mr M accepted and Metro failed to respond, I haven't been given any new information to consider. As I haven't been persuaded to change my view, I'm going to proceed in line with the settlement I gave in the provisional decision. I still think Mr M's complaint should be upheld, for the same reasons.

My final decision

My decision is that I uphold Mr M's complaint and direct Metro Bank PLC to pay him £1,500 for the distress and inconvenience caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 22 June 2022.

Marco Manente
Ombudsman