

The complaint

A company I'll refer to as A complains that Metro Bank PLC (Metro) blocked its account and denied it access to the account funds.

A is represented by one of its directors, Mr F.

What happened

In October 2019 Metro blocked A's accounts, while it carried out a review. In January 2020, it requested information from Mr F to help complete its checks. Metro completed the review, and says it gave A 60 days' notice of its intention to close its account on 18 March 2020. The notice to close letter didn't specifically reference A's account (only Mr F's three personal accounts), but I've seen emails that demonstrate Mr F was aware A's account was blocked and that Metro intended to close it.

While Metro's review was ongoing, Mr F complained. He wasn't happy that Metro had blocked his account without telling him why, and he wanted the block to be lifted. He said Metro issued its final response to Mr F's complaint on 31 January 2020. It said it had blocked the accounts in line with its terms of business and said it would contact him when it had further information for him.

When Mr F brought his complaint to our service, our investigator upheld it in part. She said Metro was entitled to block and close the account and didn't have to explain the reasons for its actions. But she felt Metro had taken longer than it should have done to complete its review and noted that A would have experienced inconvenience as a result of having to open a new business account with no fall back account in the meantime. She said Metro should pay A £200 in recognition of the inconvenience the delays had caused A.

Metro accepted our investigator's findings, but Mr F didn't. He said his business had been affected by the issues and that it had to borrow £15,000. He asked for an Ombudsman to review the matter afresh.

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.

Account block

The banking industry is heavily regulated and all banks in the UK have various legal and regulatory obligations, with which they must comply. As part of those obligations, sometimes banks have to review their customers' accounts and request certain information or documents. While the review is ongoing, they're entitled to block the accounts and deny access to any account funds.

Having looked at all of the evidence, I'm satisfied Metro was entitled to take the actions it did. Metro has explained that it was acting in accordance with the terms and conditions of

A's account and, having reviewed the same, I'm satisfied that it was and that it was complying with its legal and regulatory obligations in doing so.

I understand Mr F wants to know why Metro blocked A's account and why the review lasted so long. However, Metro isn't obliged to disclose the reasons for the block and ongoing review, so I can't say it did anything wrong by not telling Mr F when he asked Metro why A's account had been blocked.

Delays

Metro has, though, accepted that it took longer than it should have to review A's account. So, I've looked at the impact Metro's delays had on A. Mr F said he had to borrow £15,000 from family to fund his business. However, A's closing balance was £7.80 so I can't reasonably conclude that A was forced to borrow the money it said it did as a result of Metro's delays.

I note Mr F complained to Metro during the block about charges being applied to A's account that he said were affecting A's credit score. However, Metro has demonstrated that the charges applied were account maintenance fees and that it reimbursed the same on account closure. And I'm satisfied this had no impact on A's credit score.

And, while I don't question that Mr F experienced personal distress during the block, I will address that in a separate decision regarding his personal accounts. This decision relates to A only and because a limited company can't feel distress, I can only make an award for inconvenience caused to A by Metro's actions, and not any distress A's directors felt personal.

With all that being said, I accept A was inconvenienced by the extended block. Although the block didn't deprive A of significant funds, A was inconvenienced by having one of its directors diverted away from day to day business. This continued for a few months longer than it should have, so I award A £200 in compensation for the inconvenience it experienced.

My final decision

My final decision is that Metro Bank PLC must pay A £200.

Under the rules of the Financial Ombudsman Service, I'm required to ask A to accept or reject my decision before 27 July 2022.

Alex Brooke-Smith
Ombudsman