

The complaint

Mr H complains that Metro Bank PLC unfairly delayed releasing its charge after he repaid his mortgage. He asks for compensation.

What happened

Mr H repaid his mortgage with Metro in August 2021. Metro asked for information about the source of funds. Mr H says despite him immediately providing everything Metro asked for it didn't remove its charge. He says a family member had lent the money to him and being asked to provide documents to Metro put stress on their relationship. He says he was unable to add his wife to the title deeds, which would have reduced the tax he paid on rental income from letting the property. And Metro transferred his mortgage to another lender in November 2021 and shared his personal information.

The new lender released the charge. Mr H says Metro should pay compensation of £2,000 for his costs and distress.

Our investigator said Metro was following regulations when it asked for information about the source of funds. She said Metro was only responsible for some of the delays and the £250 compensation it offered was fair. Mr H didn't agree.

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.

In order to meet its regulatory obligations Metro asked Mr H for information about the source of the funds used to repay his mortgage. Mr H doesn't dispute that Metro had to do this. He complains about the process that Metro followed, essentially that it was too slow.

Mr H repaid his mortgage in three instalments between 14 and 20 August 2021. Mr H told Metro the funds came from a loan from a family member.

Metro tried to call Mr H later in August 2021, and succeeded on 1 September 2021. It asked Mr H for information about the source of funds, including:

- a letter from the person providing the funds setting out their reasons, the date of the transfer to Mr H, explaining how they accumulated the money with evidence, and photo ID.
- Mr H's bank statement showing receipt of the funds.

Metro told Mr H this was a back and forth process and it might need to ask for more information.

I can understand the sensitivities involved in Mr H asking the family member to provide financial information, which will have involved some inconvenience. Most likely matters

would have been more straightforward if Metro hadn't needed information from a third party. Unfortunately, I don't think Metro could reasonably have avoided asking for this.

Some information was provided between early September and early October 2021. But Metro didn't receive all the information it requested in an acceptable form.

Metro called Mr H on 8 September 2021 to ask for information. The call handler apologised when Mr H said this had already been sent. The call handler called back later that day to explain that it needed further information, including the family members bank statements to show the funds accumulating and the evidence trail of where the funds came from.

The family member that provided the funds sent copies of bank statements to Metro. The copies didn't include the name and address of the account holder. This didn't meet Metro's requirements. It still needed evidence of how these savings had accumulated.

Between 13 September and 6 October 2021, Metro tried to contact Mr H without success, to chase for the evidence. It wrote to Mr H on 6 October 2021.

Mr H called Metro on 8 October 2021 in response to its letter. Metro said it still needed evidence of how his family member had accumulated the money, for which it needed his bank statements. It didn't explain that the problem was that the bank statements it had received didn't include the name of the account holder, and that it needed to know where he'd got the funds. It called Mr H on 12 October 2021 to explain what it needed. Metro received a scanned copy of the family member's payslip to match the payment shown on his bank statement the next day. It was unfortunate that Metro didn't explain what was needed on 8 October 2021. But it corrected this within two working days.

The information received by Metro was reviewed internally. As it hadn't received all of the required documents a note was put on the file to contact Mr H again. However, this didn't happen. On 16 November 2021 the account was transferred to another lender and the charge was removed.

Metro accepts it delayed matters between mid-October and mid-November 2021. It offered compensation for this.

I've listened to the calls and I appreciate how frustrating Mr H found this process. Mr H says Metro caused delays throughout. I don't think that's fair. While there were times when Metro could have been clearer, I don't think this was the cause of the delays. Metro explained why it needed the evidence, and that this was a back and forth process. It needed to review documents once they arrived. And it's not unreasonable that, having reviewed documents, it needed more information. Overall, up to mid-October 2021, I think Metro made reasonable efforts to contact Mr H about the information.

Metro was responsible for some delays. In particular, it didn't contact Mr H after mid-October 2021. I don't know if the charge would have been removed from the property title sooner if it had – Mr H said it wasn't possible for his family member to provide bank statements with the account holders name so this might have continued to be a problem.

I should say here that I can only usually require lenders to pay compensation to a complainant, and for the complainant's own loss. So Mr H needs to show he was in a worse financial position due to the delay.

Mr H wanted to add his wife's name to the property title and attribute income from letting the property to his wife. He says this would reduce his income and, therefore, his tax by about £220 per month. Mr H considers the tax he paid on the rental income to be his loss. Mr H

says his wife was studying and wouldn't have paid tax. No doubt Mr H and his wife wanted to arrange matters in the best way for their household. But Mr H's individual financial position was likely better, not worse, for receiving the rental income.

I've considered whether it would be fair and reasonable to require Metro to pay compensation for Mr H incurring tax, due to being unable to transfer the property title and rental income to someone else. I don't think it is. I don't think it's clear that Mr H himself has a financial loss. It's not certain that the charge would have been removed sooner (or how much sooner) if Metro had continued to chase Mr H for the missing information after mid-October 2021. And, in fairness, Metro had told Mr H it needed bank statements with the account holder's name. I don't think it said (as Mr H suggests) the payslip was a suitable alternative to this.

The mortgage terms and conditions allowed Metro to transfer Mr H's mortgage to another lender. I can understand his frustration that this happened some three months after he repaid the mortgage. There's no suggestion this caused Mr H a financial loss. As the new lender will have to meet data protection requirements, it's unlikely this will cause loss in the future.

Mr H says Metro should allow complaints to be raised electronically. Complaint handling isn't itself a regulated activity, and I can't fairly require Metro to change its complaint handling systems.

Putting things right

Mr H found this process extremely frustrating, and I do understand that. It was inevitable there would be some inconvenience to Mr H in providing the information and evidence Metro needed about the source of the funds, especially with a third party involved.

I think for the additional upset and inconvenience caused by Metro being unclear about what information was outstanding on two of the calls, and failing to contact Mr H about the outstanding information after mid-October 2021, its offer of £250 is fair and reasonable.

My final decision

My decision is that Metro Bank plc should pay £250 to Mr H. It can deduct any amounts it has already paid.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 29 August 2022.

Ruth Stevenson
Ombudsman