

The complaint

Mr W complains that Metro Bank PLC unfairly closed his account, lodged a fraud marker against him and provided poor customer service.

What happened

Mr W received a payment into his account from an organisation that he'd been helping out. Mr W had received other smaller payments from them before. Metro blocked Mr W's account and asked him to provide proof that he was entitled to the funds.

Mr W provided details of the arrangement with the organisation he was helping out and invoices supporting the payment to him. Around the same time, Mr W's account received another payment into it which Mr W didn't recognise. Metro received a report from the sending bank that the money was linked to fraudulent activity and Mr W told Metro that the money wasn't expected and to send it back to the sending account.

Metro issued Mr W with a seven-day notice to close his account and lodged a fraud marker against him with CIFAS – a national fraud prevention organisation. Mr W was unhappy with how Metro were handling the situation and spoke with them on numerous occasions both on the phone and in store. He advised them that the block on his account was affecting him personally, and had potential to cause him to lose his job and his home because of Metro's actions. Mr W didn't believe that Metro had acted fairly when they took action regarding the receipt of the first payment, nor had they taken Mr W's version of events into account regarding the second payment.

The first payment was eventually released because it was evidenced both by the sender and the sender's bank that the payment to Mr W was for legitimate work he'd helped them with. Mr W had also been in touch with the owner of the account that he'd received the second payment from because of a previous transaction. Mr W believed the payment was sent in error to him, rather than as a result of fraud which the sending bank believed.

Mr W complained to Metro about a number of issues including their procedures in the local store, data access and how they'd delayed considering his evidence. He was also unhappy with the delay in returning his own funds to him. Metro didn't agree that they'd done anything wrong and Mr W then brought his complaint to our service for an independent review. One of our investigators looked into the complaint and asked both parties for information about the situation. Mr W explained the background to his complaint and how he had a relationship with the organisation who sent the first payment to him. Mr W spoke of his belief that the second payment was made in error from a previous relationship he had with the person.

Metro provided details of their actions and numerous calls between themselves and Mr W. Metro also believed that Mr W was in breach of his account terms because he appeared to be using his personal account for business purposes. Metro recognised that they'd let Mr W down in aspects of their handling of his complaint and offered £100 compensation. Our investigator thought that Metro shouldn't have lodged a marker with CIFAS, but they were acting within their own terms when they closed Mr W's account. They thought Metro's offer of £100 was reasonable.

Mr W disagreed with the investigator's recommendation of compensation and wanted to raise additional complaint points concerning a joint account. The complaint has now been passed to me and I issued a provisional decision where I said:

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

I'm very aware that I've summarised this complaint above in far less detail than the large number of calls and visits undertaken by Mr W may merit. I'm also not going to cover all the points he raised. No discourtesy is intended by this. Instead, I've focussed on what I think are the key issues here. Our rules allow me to do this. This simply reflects the informal nature of our service as a free alternative to the courts. If there's something I've not mentioned, it isn't because I've ignored it. I haven't. I'm satisfied I don't need to comment on every individual argument to be able to reach what I think is the right outcome. I will, however, refer to those crucial aspects which impact the decision I'm making.

I also won't be considering any additional complaints concerning the joint account. If Mr W wishes to pursue them, he can make a further complaint to Metro. If he remains dissatisfied with the outcome, he's free to bring it to our service for an independent review.

Mr W had carried out some work for an organisation who were to pay for the cost of items he purchased for them. The organisation then sent the payment to Mr W's account, which is the first payment Metro questioned. Metro have various legal obligations to monitor their customer's accounts and check that monies received are legitimate. Here they thought the payment was unusual and wanted some more information about it from Mr W. I don't think the fact that they put a temporary hold on the account whilst they checked the situation was unreasonable.

Mr W provided Metro with the appropriate details about the payment very soon after being asked, he also suggested that Metro could speak with the leaders of the organisation he purchased the items for, to expedite the unblocking of his account. What actually happened was that Mr W's submissions were delayed by a staff member and Metro made contact with the sending bank and waited for their response before releasing the funds. I'm not aware if Metro ever took up Mr W's suggestion and called the organisers.

It's apparent from Mr W's testimony that he gave evidence to Metro about the payment, so I'm unsure why Metro then went to the sending bank, rather than contact the account owners directly. The result was to add a delay which I think was unnecessary. If Metro had taken the opportunity to speak with the account holder – who were in a much better position as the operators of the account to discuss the payment they'd made to Mr W, rather than the sending bank who wouldn't have been likely to know the details of the arrangement with Mr W, then I think Metro would have had enough information to release the funds much earlier back to Mr W.

The second payment into the account seems to have confirmed to Metro that Mr W was operating his account in such a way that they no longer wanted to offer him banking services. Metro seemed to have taken the report from the sending bank at face value and lodged a CIFAS marker against Mr W.

In order to lodge a CIFAS marker, Metro had to satisfy two main standards:

"There must be reasonable grounds to believe that an identified fraud or financial crime has been committed or attempted; [and]

The evidence must be clear, relevant and rigorous such that the member could confidently

report the conduct of the subject to the police.”

Once they received a fraud report from the sending bank, I think it was reasonable for Metro to satisfy the first criteria. But, the second part is a far higher standard for Metro to meet. They've said they relied on the sending bank's report to lodge the marker. Whilst the report is an essential part of the evidence, it's not the only factor Metro should have considered. They should undertake their own enquiries to satisfy themselves about the marker.

I haven't seen anything else from Metro that would satisfy me that they carried out an investigation and met the required criteria. Mr W explained that once he noticed these funds in his account (because his card was declined and he looked at his online banking), he went to a Metro store and advised them about the money and said that he didn't recognise it. He's also explained that he later identified the sender (because of a previous payment) and contacted them directly about the payment.

It's far from clear if the funds were sent as a result of a fraud. Mr W's conduct when he noticed it is of someone who was taken by surprise by the payment. He advised his bank as soon as possible about it and I'm not sure what else he could have done at the time. Mr W has no control over the funds received into his account and the description of a previous relationship seems to be a reasonable explanation for how the funds were sent to him – which Mr W believes was an error, rather than something more suspicious. Either way, the evidence indicates Mr W was an unwitting recipient of these funds and I'm satisfied that Metro didn't meet the required standard to lodge the CIFAS marker.

Metro have relied on their terms and conditions to close Mr W's account. Here they gave him seven days' notice, which they are able to do under certain circumstances. Metro appear to have relied on the issue of the fraudulent funds to close the account straight away. But as I don't think they acted reasonably when they lodged a marker against Mr W, it follows that I don't think they were entitled to close the account with seven days' notice.

If both of these payments were taken out of Metro's considerations, then there doesn't seem to be any reason to close the account straight away. I understand that Metro have also said because Mr W was using his personal account for business purposes, this is also a breach of the terms.

So, Metro can close an account if they no longer wish to provide banking services to a customer, but they're required to follow the appropriate notice period, which is usually two months unless there's a specific reason not to. Having considered the evidence in this complaint, I haven't seen anything that supports an immediate (seven day) closure. If Metro wanted to sever their relationship with Mr W, I think they should have provided two months' notice – as set out in their own terms.

Closing the account with such short notice caused Mr W unnecessary stress. He advised Metro of the impact on him, which doesn't appear to have been taken into account by them. I'm sure Mr W had to make a series of changes to his personal banking arrangements at short notice. I haven't seen any direct financial impact on Mr W because of Metro's actions, but I do think they acted unreasonably here and I'm currently intending to instruct them to pay Mr W £250 for the way they acted.

I understand from Mr W that he spent a considerable amount of time dealing with this matter, so if he's incurred additional expenses that he can evidence, then I'll consider awarding a further amount to him.

I'll briefly comment on Mr W's assertion about due diligence checks carried out in store. Mr W believed Metro had broken various rules by not identifying him properly during a store

visit. I understand the point he's making, but as Mr W was seeking access to his own account, which is what happened here, then I don't propose to comment further on the matter as there's no evidence that Metro's actions caused any unnecessary access to his own account.

Mr W also raised issues regarding access to Metro's information about him. I understand he was given the appropriate procedure in order to request this information from Metro. But if he still requires assistance, then Metro should be clear what the appropriate procedure is for Mr W to follow. Mr W is familiar with the Information Commissioner's Office, so I don't propose to further comment on this aspect of his complaint.

I'm currently intending to uphold Mr W's complaint and instruct Metro to:

- *Remove the CIFAS marker and any associated fraud reporting about the receipt of the funds into his account related to this complaint.*

- *Pay Mr W £250.*

I invited Mr W and Metro to give me any more evidence and information they wanted me to consider before issuing my final decision. Metro didn't respond and Mr W replied with further comment surrounding Metro's approach to his situation. Mr W's comments related mainly to issues I've already considered.

Mr W also thought he should have a higher amount awarded to him than I've recommended, and a public apology produced in the national press. Mr W believed that his future access to lending would be affected by Metro's wording on a statement.

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.

Having done so, I've not seen any new information that would lead me to significantly change my recommendations, although I think that Metro should include an apology in their response to Mr W. I won't be asking Metro to print it in the national press as I don't think the situation warrants it. Mr W's complaint is directed at Metro and their response to him is what's relevant here.

Mr W believed he was due further financial compensation. I've already considered this aspect of the complaint and see no reason to change it. I haven't seen any evidence of a direct financial impact on Mr W, so I won't be amending my provisional decision regarding financial payments to Mr W.

Mr W believes the way that Metro referenced a payment on his account would make it difficult for him to access lending in the future. Having reviewed the copy statements supplied by Metro, I can't see any reference that Mr W has referred to. The return of the funds (which Mr W believes is the issue) says "Account to Account transfer Metro Bank Ltd", which I don't think could reasonably be interpreted negatively.

Overall, I see no reason to reach a different conclusion, aside from the addition of an apology to Mr W. So, this final decision confirms the findings set out in my provisional decision.

Putting things right

In order to settle this complaint, I require Metro Bank Plc to:

- Remove the CIFAS marker and any associated fraud reporting about the receipt of the funds into his account related to this complaint.
- Pay Mr W £250.
- Provide Mr W with a written apology.

My final decision

My final decision is that I uphold this complaint against Metro Bank Plc and instruct them to settle it as outlined above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 30 October 2022.

David Perry
Ombudsman