

The complaint

Mrs N and Mr B complain that Metro Bank PLC blocked and closed their accounts. And that it took too long to release funds held in the accounts back to them. They say this made things very difficult for them and want Metro to pay compensation.

What happened

Mrs N and her husband Mr B had two accounts with Metro - a current account in Mrs N's name and a joint account.

In October 2019, Metro reviewed Mrs N's and Mr B's accounts. Whilst it completed its review Metro blocked the accounts – which meant Mrs N and Mr B couldn't access the funds in their accounts. In August 2020, Metro asked Mrs N to provide information about a number of payments that had been made into the accounts. Mrs N provided Metro with information in September 2020. The accounts were blocked from October 2019 until October 2020.

Mr B telephoned Metro to try and find out what was happening with the accounts and the reasons behind the bank's actions. Metro didn't provide Mr B with much information and said it hadn't done anything wrong and had acted in line with the terms of the account and relevant regulations.

Following its review, Metro decided to close Mrs N's and Mr B's accounts. The bank wrote to Mrs N and Mr B in October 2020 and gave them 60 days' notice to make alternative banking arrangements. Following this Mrs N and Mr B transferred their funds to an account held with another bank.

Mrs N and Mr B weren't happy with the bank's response and brought their complaint to this service. Mrs N explained that the restrictions on her accounts had made it very difficult to manage as she used the accounts for day to day living expenses and says it destroyed the family business. Mrs N said that the whole experience had been upsetting and stressful. She also explained that at the time she was dealing with a serious health condition, which was made more challenging due to the bank's actions. So, she said Metro should pay her and Mr B compensation for the trouble and upset caused by the bank blocking their accounts and holding onto their money for so long.

One of our investigators reviewed the complaint. She thought Metro hadn't done anything wrong when it blocked and closed Mrs N's and Mr B's accounts. She said they'd acted in line with their legal and regulatory obligations. And had treated them fairly when it decided to close their accounts. However, she said Metro took too long to complete its review and could've done things much quicker. So, she said Metro should pay Mrs N and Mr B £350 compensation for the distress and inconvenience the time it had taken to complete its review had caused them.

Metro accepted what the investigator said. Mrs N disagreed. She said that the compensation didn't adequately reflect the amount of upset she'd been caused. She explained that she was battling a serious health condition and the block impacted her business. So, she said

Metro should pay £2,500 compensation for the upset and losses caused by the accounts being blocked for nearly a year.

The investigator asked Mrs N to provide evidence of her losses, impact, and financial circumstances. Mrs N didn't provide anything and asked for an ombudsman to review the matter. So, the complaint 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.

It's clear from what Mrs N has told us and the bank that she feels very strongly about her and Mr B's complaint. And I'm very sorry to hear that Mrs N has been unwell.

Firstly, as the investigator has already explained, Metro has extensive legal and regulatory responsibilities they must meet when providing account services to customers. And to fulfil these obligations they may need to review activity taking place on accounts and ask customers for information, for example about payments, and information about the individuals operating the accounts – it's entitled and obliged to carry out such checks. The terms of Mrs N's and Mr B's accounts also permit Metro to review an account and ask its customers for information.

Having looked at all the evidence, I don't believe it was unreasonable in the circumstances for Metro to block Mrs N's and Mr B's accounts. Metro has explained that this was its standard procedure, and I accept that it was. I'm satisfied that in doing so Metro were complying with its legal and regulatory obligations. So, whilst I accept, the bank's actions caused Mrs N and Mr B inconvenience and upset when it decided to block their accounts and asked them to provide information, I can't say the bank did anything wrong and treated them unfairly in doing so.

I understand that Mrs N and Mr B want Metro to explain the reason it applied the block to their accounts in the first place. And I can see that Mrs N asked Metro to explain itself on several occasions. But Metro doesn't disclose to its customers what triggers a review of their accounts. And it's under no obligation to tell Mrs N the reasons behind the account review and block, as much as she'd like to know. So, I can't say it's done anything wrong by not giving Mrs N this information. And it wouldn't be appropriate for me to require it to do so.

However, while Metro are entitled to carry out a review, we'd expect them to do so in a timely manner and without undue delay. Metro initially blocked Mrs N's and Mr B's accounts in October 2019. I can see that Metro first asked Mrs N to provide it with information in November 2019, which Mrs N did. However, following this, Mrs N's and Mr B's accounts remained blocked for a further 11 months. And Metro didn't ask Mrs N to provide further information about activity on her accounts until August 2020. This was information that it should have requested when it first blocked the accounts in October 2019. So, I'm satisfied Metro has caused unnecessary delays in releasing Mrs N's and Mr B's funds.

Metro hasn't offered any explanation for why its review of Mrs N's and Mr B's accounts took so long to complete. It has accepted it should have unblocked Mrs N's and Mr B's accounts sooner than it did and could've asked Mrs N for the extra information when it first spoke to her in late 2019 instead of asking her for the information months later in August 2020. Metro has agreed with the investigator's view to pay Mrs N and Mr B £350 compensation for the trouble and upset caused by the delay.

In response to the investigator's view Mrs N said that the compensation amount doesn't adequately reflect the amount of trouble and upset she and Mr B suffered. Mrs N wants £2,500.

I've considered what Mrs N has said about how Metro's actions impacted her and Mr B and I've noted that despite being asked to provide evidence to support the impact they say Metro's actions had on them they haven't done so. I've no doubt this was a worrying and upsetting time for Mrs N but for me to award more compensation I'd have to be satisfied that the delays caused an unreasonable level of inconvenience and financial loss. And despite being asked to do so Mrs N and Mr B haven't provided evidence to support any financial losses that they've mentioned. So, it wouldn't be fair of me to tell Metro to pay financial loss or compensation for something there's no evidence of.

Turning to awards for non-financial loss there isn't a set formula that we use to calculate awards for particular mistakes or poor service. It's my role to consider what impact Metro's actions have had on Mrs N and Mr B and decide, within guidelines set by our service, whether compensation would be appropriate in the circumstances.

Based on the evidence I've seen I think it's fair to say the delays caused by Metro when it reviewed Mrs N's and Mr B's accounts caused them worry and upset. And I agree some compensation is appropriate for this. I say this because Mrs N and Mr B had to spend time contacting Metro and they had to wait nearly 12 months for Metro to release their funds. So, I can appreciate this would've been inconvenient and upsetting for them. And it's only right that Metro recognises this. However, I'm satisfied that £350 is a fair amount of compensation and proportionate to the trouble and upset Mrs N and Mr B were caused. So, while Mrs N and Mr B may disagree with me, I'm satisfied that the compensation recommended by the investigator recognises the impact Metro's actions had in the overall circumstances of this complaint. So, I won't be directing Metro to pay any more.

I then turn to the bank's decision to close Mrs N's and Mr B's accounts. 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. As long as they reach their decisions about that in a legitimate manner, this service won't usually intervene. I'm satisfied here that the bank's decision to stop providing Mrs N and Mr B with banking facilities was reached legitimately and fairly.

Banks should, however, 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 Metro gave Mrs N and Mr B 60 days' notice of its intention to close their accounts. The bank wrote to Mrs N and Mr B in October 020, telling them that their accounts would close. So, it was entitled to close the accounts as it has already done.

In summary, it's clearly caused Mrs N and Mr B trouble and upset when they weren't able to use their accounts for a number of months. And I appreciate it must have been a worrying and frustrating time for them. So, I realise they will be disappointed by my decision. But having looked at all the evidence and circumstances of this complaint, I haven't found grounds to increase the level of compensation. And I'm satisfied that £350 compensation is fair and reasonable. So, I won't be telling Metro to do anything else to resolve this complaint.

My final decision

For the reasons I've explained, my final decision is to instruct Metro Bank PLC to pay Mrs N and Mr B £350 compensation for the trouble and upset caused by the time taken for Metro to complete its review of their accounts and release their funds.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs A and Mr B to accept or reject my decision before 18 November 2022.

Sharon Kerrison
Ombudsman