

The complaint

Ms E complains that Metro Bank PLC (Metro Bank) set up an instant access account rather than a fixed rate Cash ISA leading to an estimated £400 loss of interest. She would like the interest added to the account. She would also like Metro Bank to review its complaint handling process for sake of other customers .

What happened

Ms E says she went into a Metro Bank branch in November 2016 to open a 5 fixed rate Cash ISA with an interest rate of 1.5%. She then returned to the branch on 19 November 2022 to give the bank her national insurance (NI) number – this visit being prompted by Metro Bank writing to ask for this. She says she then got a letter dated 22 November 2022 saying her ISA transfer had been completed. She complained to Metro Bank in 2021 when she realised the account had wrongly been set up as an instant access one not an ISA resulting in much lower interest.

Metro Bank said that the account defaulted to an instant access one as Ms E hadn't provided her NI number. It did agree that it hadn't returned some phone calls and to reflect this it offered £50 compensation.

I issued a provisional decision in which I concluded:-

- As Metro Bank doesn't keep records of conversations in branch , and the individual who dealt with Ms E no longer worked for Metro Bank it wasn't possible for Metro Bank to evidence if Ms E gave details of her NI number in branch or not. If she had I would have expected this to be recorded on her account details. Ms E also told us she thought, but couldn't be sure, that she also sent the information back by an 'enclosed form' to the bank but the bank had no record of that. Whilst mistakes can happen I was surprised that Metro Bank failed to receive the NI number if Ms E gave this twice and by two different means.
- Ms E did intend to open the 5-year Fixed rate ISA but I couldn't be sure she provided the NI number to do so.
- Metro Bank, having no record of the NI number, were not wrong to transfer Ms E account to an instant access one. The product sheet information for the Cash ISA Ms E wanted to open stated that if no NI was provided the account would transfer to an instant access one.
- Ms E received a letter dated 22 November 2016 from Metro Bank stating her new Cash ISA was open and the account type was listed as a 5-year Fixed Term ISA paying 1.5% interest. I thought Ms E was entitled to believe from that letter that the ISA had been opened. The letter was dated after she said she went into the branch and didn't make any reference to needing to provide other information such as her NI number.

- Metro Bank evidenced that Ms E logged onto her account online from November 2020 but only complained in 2021. It felt she could have complained sooner. I agreed that Ms E might have realised sooner that there was a problem. However, Metro Bank's records only show Ms E logging on from 2020, some 4 years after she opened the account. If Ms E felt she ISA had been set up she would have had no reason to check this online particularly given the ISA was a fixed term one with no access to it. Having said that I believe there is some onus on customers to keep track of accounts.
- I was more persuaded by the statements of account that Metro Bank gave us. These were sent annually to Ms E and from what have seen they were correctly addressed. These clearly stated that Ms E's account was an instant access one not an ISA and they confirmed the interest paid. I think Ms E should have realised from these that she had an instant access and not an ISA account. Had she raised the issue sooner she could have looked to change her account to an ISA if she were able to do so under the ISA rules or to a savings account that paid a higher rate of interest than her instant access one.
- I couldn't be sure if Ms E provided a NI number or not. I thought Ms E intended to open a fixed rate Cash ISA and Metro Bank confirmed she had done so. However, I thought Ms E should have realised that her account wasn't an ISA account from the annual statements provided or from her online account. I thought it was fair that Metro Bank paid some compensation as I thought its letter confirming that the ISA had been opened was misleading.
- Metro Bank accepted it didn't return phone calls which would have added to the inconvenience for Ms E. And in a telephone conversation Ms E was wrongly advised that there had been a bank error. Metro Bank offered to pay £50 to reflect this
- I thought an overall compensation payment of £200 was appropriate to reflect the distress and inconvenience to Ms E of the misleading information Metro Bank provided and for the customer service issues.

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.

Metro Bank accepted my provisional decision and made no further comments for me to consider.

Ms E was disappointed by my provisional decision but accepted her complaint had been thoroughly reviewed and said she understood why her complaint had only partly been upheld.

However, she still believed she should get the full interest due on the account as she made a 'deal' with Metro Bank to give it her money for 5 years in return for an interest rate return of 1.5%.

She also said there was no dispute that Metro Bank had her money for 5 years and I agree this isn't in dispute. She also feels the bank's letter saying her transfer had been completed led her to believe the account had been properly opened.

I have carefully considered Ms E's points, but I don't feel she has provided any new information that would lead me to feel I should change my provisional decision. I agree the

bank's letter was misleading . But I can't be sure if Ms E did provide the NI number in order for the account to be opened as an ISA. And I think the annual statements she received and the online details on the account showed the account wasn't an ISA . So, I do believe Ms E could have realised sooner the account wasn't what she thought it was . Had she done so she could have mitigated her loss of interest.

I still feel compensation of £200 is appropriate for the distress and inconvenience of the misleading information in the bank's letter and for the poor customer service Ms E received.

My final decision

My final decision is that I uphold this complaint.

In full and final settlement Metro Bank PLC should pay Ms E £200 compensation for the distress and inconvenience of misleading information and poor customer service.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms E to accept or reject my decision before 13 January 2023.

Bridget Makins
Ombudsman