

The complaint

Mr R complains Metro Bank PLC added his details to a fraud marker database.

What happened

Mr R received a £1,500 payment into his account. The sender of the payment told their bank the payment was fraudulent, and that bank passed this message on to Metro.

Metro blocked Mr R's account but didn't initially say which transaction had caused the block. Mr R contacted Metro several times and had to go to branch to withdraw money. Mr R says he couldn't pay his bills, insurance was cancelled and £700 was withheld.

Mr R complained to Metro and it sent a final response on 30 March 2018. Metro said it had blocked Mr R's account in line with its terms and conditions.

Mr R continued to contact Metro and it sent a further final response, dated 9 April 2018. In this final response Metro told Mr R fraudulent money had been paid into his account and said which specific transaction this was.

Metro advised Mr R to speak to the sender. Metro also asked Mr R to provide evidence of what the payment was for.

Mr R contacted Metro again, in 2021, and Metro sent a further final response, dated 19 May 2021. Metro said it wouldn't remove the fraud marker it had loaded against Mr R's name, wouldn't release the £508 it withheld but would release some interest.

Metro said it should have released the interest earlier and offered £25 in compensation.

Metro sent a fourth final response on 29 June 2021, where it said the evidence about the payment Mr R had sent in wasn't enough to remove the marker. Unhappy with this response Mr R brought his complaint to this service.

An investigator looked into things and thought Mr R's complaint should be upheld. The investigator thought the payment into Mr R's account was raised as fraudulent as part of a dispute between Mr R and the payer.

Because the investigator thought the payment in wasn't fraudulent, they said Metro should remove the fraud marker.

And because the investigator thought the payment in wasn't fraudulent, withholding the £508 seemed unfair. The investigator thought Metro should repay this to Mr R with 8% interest from the date it was withheld.

The investigator also thought this fraud marker had caused Mr R significant distress and inconvenience and thought Metro should pay Mr R £800.

Mr R thought the £800 wasn't enough to compensate him for the distress he'd been caused. Mr R had newly opened accounts closed, insurance cancelled, and finance applications rejected. Mr R had also had some serious health problems.

Metro didn't think it should remove the marker or pay Mr R any compensation.

Since there was no agreement from either Mr R or Metro, the complaint was passed to me to decide things. I agreed, in part, with the investigator, and issued a provisional decision.

My provisional decision

I've seen the evidence from Metro that the £1,500 payment into Mr R's account was raised as fraudulent by the sending bank.

I think Metro was, under the terms and conditions for Mr R's account, allowed to block the account. This block was to protect both Mr R and Metro from any further fraudulent activity or loss.

I don't think Metro did anything wrong by blocking Mr R's account, even though I know this will have caused considerable inconvenience for Mr R. This inconvenience flows from a reasonable decision by Metro to block the account.

I can see Mr R contacted Metro several times, to find out what was wrong and try and unblock his account. This contact continued after Metro's first final response.

Mr R was contacting Metro to ask which transaction caused the block. From Metro's notes I can see Mr R called Metro 23 times between 27 March 2018 and 7 April 2018. Mr R also sent in a letter dated 11 April 2018.

Metro sent a second final response on 9 April 2018, stating exactly why it blocked Mr R's account and which transaction caused the block. Metro also asked for further information about the payment.

I'm satisfied Mr R received this final response. Mr R's letter on 11 April 2018 was likely sent before he'd received the second final response, it only references Metro's first final response.

But Mr R stopped contacting Metro after 11 April 2018. I think this lack of contact is because he received the second final response soon after.

Metro clearly explained what Mr R needed to do, explain the circumstances around the £1,500 transaction. It doesn't appear Mr R did that.

And looking at the amount of contact Mr R had made prior to this second final response, I think if Mr R didn't receive the second final response, or had been unhappy with it, he would have continued to contact Metro to find out what was wrong.

So, I think Mr R was given the opportunity to explain the payment he'd received. And it's clear Mr R knew he had recourse to this service, he mentions this in his letter in April 2018.

But Mr R didn't explain the transaction, or bring his complaint to this service, until 2021.

I don't think I can hold Metro responsible for any of the inconvenience Mr R was caused between 2018 and 2021. I think Mr R knew what he needed to do to get the fraud marker

removed, but didn't do anything. I can't fairly hold Metro responsible for this.

When Mr R did bring his complaint to this service, the investigator looked into the £1,500 transaction and who it was from. Mr R had previously received similar payments from a limited company.

Mr R says these payments were for work he'd carried out and has sent in proof of this. I have no reason to disbelieve this. And none of the payments Mr R received from the limited company were reported as fraudulent.

The £1,500 payment Mr R received came from an individual. Mr R says this payment was also for work he'd carried out and has shown proof of this. The individual Mr R received the payment from was the director of the same limited company Mr R had previously received payments from.

It's possible the sender sent the payment from the wrong account and didn't recognise it, or intentionally reported the payment as fraudulent. But, either way, I don't think there's enough evidence to say this payment was fraudulent.

The first thing Metro needs to do, to fairly load someone to a fraud marker database, is prove the payment is fraudulent. Because I'm not persuaded this payment was fraudulent, it would be unfair for Mr R to continue to be loaded to a fraud marker database.

But this wasn't an easy thing to work out. And I don't think Metro was wrong to initially load Mr R to a fraud marker database. Metro had a message from the sending bank to say the payment was fraudulent and nothing to prove the payment was genuine from Mr R.

I think Metro was entitled to rely on the message from the other bank to load Mr R to the fraud database. And since this was the first payment Mr R had received from this individual, it's reasonable Metro thought it was fraudulent.

Metro has said it's possible Mr R was involved in unregulated investments. But this doesn't change the reason it loaded Mr R to the fraud database. This was because of a single payment in, which I don't think was fraudulent.

Regardless of Metro's suspicions around the type of work Mr R was carrying out, I've seen no evidence to suggest any other payments were raised as fraudulent.

I've carefully looked at the evidence Mr R has sent in, and I don't dispute the loading caused significant inconvenience. Mr R's sent in proof his insurance was cancelled, in November 2018, and says this is because of the fraud marker he knew nothing about.

But I think Mr R did know about the marker at that point in time, and what to do to remove it.

Most of the other account declines and mortgage issues also happened before early 2021, so I don't think it would be fair for me to hold Metro responsible for this inconvenience.

Mr R has also supplied medical records, and the effect on his mental health. Whilst I can't draw a direct causation between the fraud marker and Mr R's poor mental health, I don't think I need to.

Mr R's medical records show he experienced poor mental health, initially, in 2019. This is after I think Mr R was aware of the marker. I don't believe it would be fair to hold Metro

responsible for this.

Metro withheld £508 from the £1,500 payment Mr R received and has since returned this to the bank it came from. Metro received an indemnity for the money, and since it thought the payment was fraudulent, it was reasonable to return it.

But I don't think the payment was fraudulent, so I think it's now unfair for Metro to withhold this money from Mr R. And since Mr R's been deprived of this money, it's reasonable Metro pays interest on this amount.

In Metro's third final response it said it should have released interest from Mr R's account to him much sooner than it did. To apologise for this, Metro offered Mr R £25, this seems a reasonable offer to make for not paying Mr R his interest. But Mr R's also been deprived of the interest he was owed, so I think it would be fair to pay interest on this amount too.

Responses to my provisional decision

Metro didn't have anything to add to my provisional decision.

Mr R said Metro didn't tell him about the fraud database loading in 2018. Mr R says he only found out in 2021 and came straight to this service.

Mr R says it doesn't make sense he wouldn't come to this service sooner, if he'd known about the fraud database loading. Mr R says not knowing why his account was blocked caused a downturn in his mental health, and it took some time to get better.

Mr R also says the £25 compensation is not enough for all the calls, trips to branch and letters or the effect this had on his mental health.

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.

I understand it's very hard for Mr R to prove a negative. There's nothing Mr R can do to prove he didn't get Metro's final response dated 9 April 2018. Mr R says he would have taken things forward had he known earlier.

And I accept Mr R brought his complaint to this service soon after he received information from the fraud database company and Metro's final responses in 2021.

But I still think Mr R received Metro's final response in April 2018. As I said in my provisional decision, Mr R was contacting Metro often throughout March and April 2018, then stopped around the date Metro told him to supply information about the £1,500 payment.

And in Mr R's letter to Metro in April 2018 he told Metro he'd bring his complaint to this service, but didn't. So although Mr R brought his complaint to us in 2021, I think he knew he could in 2018, but chose not to.

Mr R says not knowing what was going on resulted in a downturn in his mental health. Again, I don't dispute this. But because I think Mr R received the final response which clearly told him what to do, I can't fairly hold Metro responsible for this.

Mr R says the compensation payment is far too small to compensate for all the trips to branch, letters, calls and the effect it had on him. But I'm not saying Metro should

compensate Mr R for this – the £25 is for not releasing some interest sooner.

I think Metro acted fairly when it blocked Mr R's account, it had been told a payment he received was fraudulent. And Metro was allowed to review Mr R's account, during which time it would be limited in what it could tell him.

So, although there were many calls made by Mr R, along with trips to the branch, I don't think Metro could have told him what was going on, with the specific detail he needed. But Metro did, quite quickly, tell Mr R he'd been loaded to a fraud database and what to do next.

I don't think Metro needs to compensate Mr R for the calls, letters and trips to branch.

And because I think Mr R received the final response telling him he'd been loaded to the fraud database, I don't think Metro needs to compensate him for the effect this loading had.

My thinking around the fraud database loading itself hasn't changed, nor has the return of the money to Mr R.

My final decision

My final decision is I uphold Mr R's complaint and Metro should:

- remove Mr R's details from any fraud marker databases it's loaded him to
- refund £508
- pay 8% simple interest per year on the £508, from the date it blocked Mr R's account to the date of settlement
- pay Mr R the interest it withheld, if it hasn't already done this
- pay 8% simple interest per year on the interest Metro withheld, from the date it blocked Mr R's account to the date of settlement
- pay Mr R £25 compensation, if it hasn't already done this

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 18 January 2023.

Chris Russ
Ombudsman