

## **The complaint**

D, a limited company that is part of a business grouping, complains about the way that Metro Bank PLC dealt with an application for new accounts and that it will no longer provide any banking services.

## **What happened**

The director of D explains that he wanted to open an account for the holding company of D. He was told that he would need to arrange for a subsidiary company to be moved from the business grouping. And then that accounts at Metro Bank for all the companies in the group would be required. Applications were completed but none agreed. And then Metro Bank told him that the existing accounts would need to be closed too.

Metro Bank apologised for the communication and the poor service. It paid D £100 in compensation. It said it had given notice to close all the accounts due to the business *“being outside of our banking appetite”*. When it provided its business file to this service it said that it had reassessed things and offered a further £100 in compensation making a total of £200.

Our investigator didn't recommend that it do anything further. She said that when a relationship manager told D to remove the subsidiary there couldn't have been certainty that an application would be successful. And that Metro Bank needed to make appropriate checks. It was entitled to decide whether or not to agree the new applications and to review the existing accounts. But the service and communication had been poor, and the director had asked in February 2022 whether Metro Bank still wanted its business. The director had asked for compensation at his professional rate and for the costs of paying a consultant to identify a new bank for D and complete due diligence. But she didn't think it reasonable that Metro Bank pay these costs.

The director didn't agree and said that the compensation was 'paltry'. The relationship manager was clearly in contact with the compliance department about the latest position. The director said that the cost of rearranging the subsidiaries had been more than £200. Using a consultant was a last resort as it had been difficult to find an alternative financial business. There were two parts to consider. The time waiting for an answer about the new accounts and the 'hoops' jumped through. And also, that the existing accounts were to be closed without sufficient warning and after he'd specifically asked about them at a much earlier stage.

## ***My provisional decision***

I issued a provisional decision on 8 November 2022. I set out below what I said.

I first needed to say that this complaint is set up in the name of D which is the business that Metro Bank issued a final response to. That seems to be a pragmatic way off dealing with

what happened with the whole business group here and so the new applications and then the notice of closure.

It was clearly a matter for Metro Bank to decide whether and on what terms it would offer an account for the holding company. Having said that I didn't consider it should reasonably have asked D to take significant steps unless it had established that it would accept the application. At the least it should have told D clearly that even if it moved the subsidiary there remained a chance that the account application wouldn't succeed. Or alternatively that the application was subject to this if it had been agreed. When it asked for applications for the other subsidiaries that didn't have existing accounts this ought to have been expected to be a productive activity. And not end in those applications being declined.

As far as the existing business accounts were concerned I thought D did have a concern about whether Metro Bank wanted a continuing relationship. It asked about that in February 2022 but didn't receive the notice of closure until as I understood it May 2022. That's why it says it ought to have had longer to make its arrangements. I didn't think that's quite right because when Metro Bank did decide to end the relationship it gave 60 days' notice. Had it brought that decision forward then the closure date would have been earlier too. So, while I didn't doubt the general inconvenience and poor communication involved the time pressures wouldn't in my view have been different.

I didn't see Metro Bank could be responsible for any difficulties D had in finding a new financial business or for the costs involved. Metro Bank took a commercial decision and provided the notice of closure required under its terms and conditions.

#### *compensation*

I said that we don't tend to make awards based on units of time or professional rates. And as I'd set out I won't be considering the costs including of the third-party consultant. And we don't make punitive awards. There are though several distinct elements here which I did consider Metro Bank responsible for.

There was the needless inconvenience of moving a subsidiary business. D explains that this was a dormant company for a client and that the change in filing arrangements and movement was a "*mess of transfers and paperwork*" and that this caused a reputational impact. There was also then the inconvenience of putting in applications for the other businesses. I wasn't persuaded from what Metro Bank's provided that those applications in themselves revealed any new information. And I thought it should have reasonably been able to provide an indication of its 'banking appetite' much earlier on. There has also been in my view miscommunication about the position and poor service and the general time it took to reach a decision about the applications.

I'd taken into account our published guidance about compensation and applied my own judgement. I was thinking about things overall and said I wouldn't be breaking this down into elements. I considered that the appropriate compensation for everything that happened is a total of £750. I appreciated that remains less than the director wants. I said he's free to make further submissions and as an alternative to our informal dispute resolution service to pursue this matter in court subject to any relevant time limits.

#### **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.

Neither D nor Metro Bank made any further comments having been reminded about the opportunity to do so by our investigator. That being the case I see no reason to depart from the conclusions of my provisional decision.

### **My final decision**

My decision is that I uphold this complaint and require Metro Bank PLC to pay D a total of £750 compensation (and so a further £650 to what's already been paid).

Under the rules of the Financial Ombudsman Service, I'm required to ask D to accept or reject my decision before 27 January 2023.

Michael Crewe  
**Ombudsman**