

The complaint

Mr S complains that his loan account was defaulted when it should not have been. Mr S holds Metro Bank Plc (“Metro Bank”) responsible for this.

What happened

In late 2021 Mr S was having some money troubles, as a result of this Mr S was having difficulties making repayments to his loan account that is administered by Metro Bank. Therefore, Mr S contacted Metro Bank to see what it could do to help him. According to Mr S, Metro Bank agreed to put his account on hold until the end of March 2022. During this period Mr S by agreement with Metro Bank was not making repayments on his loan. But he expected to catch up on his repayments once his money troubles were over.

However, without any warning Metro Bank defaulted his account. Mr S tells us Metro Bank says it tried to contact him several times, before it defaulted his account, but he only has one missed call/voicemail from Metro Bank, and these were received on the date the account was defaulted.

Once the account was defaulted it was passed to a debt collection agency. Mr S tells us Metro Bank has not been willing to discuss a repayment plan with him. Moreover, Metro Bank’s actions have caused him to experience significant levels of anxiety.

To put things right Mr S wants Metro Bank to reinstate his account and agree a repayment plan with him.

Mr S complained to Metro Bank about its treatment of him.

Metro Bank saw things very differently to Mr S. It did not accept that they’d agreed between them that Mr S’s account would be put on hold until the end of March 2022. Rather it had an alternative timeline of events which goes as follows.

In December 2021 Mr S contacted Metro Bank to let it know he was experiencing temporary financial difficulties. He’d already missed his repayment for November 2021. But Mr S explained that he was about to start a new job in a few weeks’ time but until he started that role and got paid he’d not be able to make his repayments. He said he’d not get paid until the end of January 2022, but he’d make a repayment then and also catch up on his arrears. Therefore, Metro Bank agreed to put Mr S’s account on hold until 1 February 2022. It told him it would get in touch with him then. Metro Bank tried to contact Mr S on 1 February, but it got no response.

By 2 February no payment had been received, and Mr S’s account was no longer on hold. Metro Bank issued a default notice at this point. The notice was sent by post. In response to this default notice Mr S contacted Metro Bank by phone. Mr S and Metro Bank discussed Mr S’s account. Mr S told Metro Bank he was not able yet to start making his repayments again and pay off his arrears, but he would be soon. Specifically, Mr S said he was going to be paid now at the end of February. So it was agreed that Mr S’s account would again be put on hold until 4 March. But because of the level of arrears on Mr S’s account Metro Bank sent a second default notice to Mr S on 14 February 2022, again by post.

However, by 4th March 2022, Metro Bank had not received any payment, so it again removed the hold from Mr S’s account. Metro Bank tried to contact Mr S on 4 March by text, but I did not receive a response. It indicates it wanted to give Mr S one last opportunity to

bring his repayments up-to-date, so it held off from defaulting the account for a further ten days. However, it defaulted the account on 14 March 2022 when it had heard nothing further from Mr S.

During the period between December 2022 and 14 March 2022 Metro Bank tells us it sent text messages, voice mails and emails to encourage Mr S to contact it. It indicates it made it clear in its communications what might happen to Mr S's account if the arrears were not cleared and if repayments did not start again once the holding period was over.

Metro Bank does not agree it has acted unfairly and declines to reinstate Mr S's account and agree to a repayment plan.

Dissatisfied with Metro Bank's response Mr S complained to our service.

One of our investigators looked into Mr S's complaint. Our investigator did not recommend that Mr S's complaint should be upheld.

We received no response from Metro Bank to our investigator's recommendation, but Mr S let us know he rejected it. Mr S repeated his previous stance and told us that Metro Bank's decision to default his account had had an adverse impact on his previously good credit rating.

Mr S asked that an ombudsman review his complaint.

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.

First, I'm very aware that I've summarised this complaint in far less detail than the parties and I've done so using my own words. I'm not going to respond to every single point made by all the parties involved. 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. Rather, 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.

There is no disagreement between the parties that Metro Bank agreed it would put Mr S's account on hold. Where they do disagree is about how long that hold was meant to last and how, if at all, Metro Bank communicated with Mr S. They also disagree about whether Metro Bank gave Mr S enough information so that he ought reasonably to have been aware what would most likely happen if his account was not brought up to date when the holding period ended. Where the evidence is incomplete, inconclusive, or contradictory (as some of it is here), I reach my decision on the balance of probabilities – in other words, what I consider is most likely to have happened in the light of the available evidence and the wider circumstances.

Mr S was experiencing financial difficulties in a situation like this Metro Bank is expected to exercise forbearance and due consideration. However, this is a two-way process and both parties need to co-operate and play their part. With the cooperation of the customer, showing forbearance and due consideration may include developing repayment plans or accepting reduced payments, freezing/refunding interest, or even writing off all or part of the debt. But no individual lender is obliged to do any of these things, even if other institutions have taken such a course of action. Rather it simply means that Metro Bank should have tried to work with Mr S to help him manage his money.

What type of help might be appropriate depends on the circumstances. However, in this situation it is not entirely clear if Mr S's financial difficulties were short term or longer lasting. Mr S talks of a repayment plan which suggests he is and was not in a position to make his

full monthly repayments, so putting the account on hold temporarily wasn't going to help in the long run. Whereas Metro Bank's records show Mr S told it his money problems would be resolved shortly once he started his new job and got paid. In the circumstances, I don't find it likely that Metro Bank's records would be inaccurate about what Mr S told it

Moreover, Mr S has not said that Metro Bank's account of giving him "breathing space" due to his job situation, in December 2021 and again in January 2022 is incorrect. Therefore, in that context putting the account on hold while Mr S got back on his feet financially does seem a reasonable approach.

But one of the key issues here is how long was this "breathing space" meant to last? I note on each of the occasions it seems that the hold on the account was agreed for one month in order to fit in with Mr S's anticipated pay day for his new role. Metro Bank's records indicate that it spoke to Mr S on 2 February 2022. Its records indicate it agreed to keep Mr S's account on hold for one further month. But Mr S's position is that he was given almost two months that is from 2 February until 31 March. This would have been a change from the previous pattern. It would also most likely have meant that the account would have accrued one extra month of arrears. I find it unlikely given the arrears on the account already that Metro Bank would have wanted to let the arrears mount up like this. In all the circumstances, I find it likely that Metro Bank agreed to place the account on hold until the 2 March 2022 not until the end of March as Mr S tells us. And I've not seen anything to suggest that Mr S contacted Metro Bank at this point or made a payment.

That said, Mr S also complains that Metro Bank did not give him any notice before his account was terminated or explain that this was a possibility beforehand. However, Metro Bank's records show it contacted Mr S via voicemail, text message, email and post I don't find it likely that its contact records are inaccurate. The content of those messages I think gave Mr S sufficient information about what might happen to his account if the arrears continued to accrue and repayments did not restart, once the holding period was over. Also, I don't find it likely that all of these various different contact methods all failed to reach him. According to Metro Bank's contact records, it appears Mr S had conversations with Metro Bank where he discusses at least one letter he had received telling him about the arrears and the possible actions that could be taken if he does not make up the arrears. And each time a hold on the account was agreed it seems the parties also went over what could happen should the account not be brought up to date.

Further, it seems Mr S and Metro Bank both agree that there were more than three months of arrears on the account. Which is sufficient arrears according to relevant guidance and under the terms of the loan agreement for an account to be defaulted.

For all of these reasons, I don't find that Metro Bank acted unfairly in terminating Mr S's account when and how it did. It follows I do not uphold Mr S's complaint.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 30 March 2023.

Joyce Gordon
Ombudsman