

The complaint

N, a limited company, complains that Metro Bank PLC, blocked its account in error.

What happened

N says that it was contacted by Metro Bank after one of its directors had resigned. And that the remaining director went to a branch to change the mandate. N found out that this hadn't been done and the account had been blocked.

Metro Bank said it accepted it had made a mistake. The director visited a branch on 25 April 2022. And the change wasn't made. It originally believed that the form had been archived without being actioned. But after referral to this service explained that it had been destroyed in its confidential waste. It apologised to N for the impact of what happened and had offered it £75 but increased this to £150 after referral.

Our investigator asked Metro Bank to consider increasing its offer in light of N's comments and that the account had been blocked for 12 days. And it offered to increase the compensation to £200, which whilst below the £400 that N wanted he thought was fair. He noted that Metro Bank had said it would consider any direct loss, but that N hadn't provided it with evidence of that.

N didn't agree and wanted the complaint to be reviewed. The director said that Metro Bank hadn't been honest in its final response when it said that the document had been archived. Only the director could assess the impact of what happened and that she had been financially stranded and had to call and visit the branch on two occasions before this was resolved and money could be withdrawn.

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 that the other director resigned in the middle of March 2022 and Metro Bank discovered this from public records. It needed N to confirm the mandate on the account as it still had the other director on that. N responded to contact from Metro Bank and completed a form. The main issue is that this form wasn't actioned in a branch. It seems it ought to have been archived as an earlier one had. But as this was found not to be in the branch filing for archive Metro Bank later said that it had been destroyed in confidential waste. I appreciate that the director is aggrieved by what she sees as an attempt to cover things up.

This is a complaint from N, a separate legal entity that can't suffer distress. And I need to consider the impact on N including any financial loss. I've not seen clear information to show that there was a resultant trading loss for N. I appreciate that the director couldn't purchase goods for N's business on 27 May 2022 and that N couldn't make a payment to the former director. The director had to follow this up for N and visit a branch. She's referred to N being charged an account fee when it couldn't use the service.

I've taken all this into account and our published guidelines about compensation. We don't make punitive awards and I'm thinking about the overall inconvenience and impact to N. Having done so I conclude that the now increased offer from Metro Bank is a fair one. I can appreciate that the director of N will be disappointed. If N doesn't accept my offer and wants to pursue this in court, as it's indicated it might, then it can do so subject to any relevant time limits.

My final decision

My decision is that I uphold this complaint and I require Metro Bank PLC to pay N total compensation of £200.

Under the rules of the Financial Ombudsman Service, I'm required to ask N to accept or reject my decision before 5 June 2023.

Michael Crewe
Ombudsman