

The complaint

Mrs C and Mr C complain that Metro Bank PLC (Metro) charged fees to their euro account and marked their credit file.

What happened

Mrs C and Mr C had a euro account and a GBP account with Metro. On 3 September 2018, two large payments totalling euro 416,866 were made. This left a balance of euro 7.60 credit on the euro account. On 28 September 2018, a monthly maintenance fee of euro 5 was debited to the euro account. After that, monthly fees of euro 15 were debited to the account. There wasn't any other activity. By 6 April 2019, the balance was overdrawn because of the monthly fees – the balance was then euro105 debit. Metro refunded the charges in response to Mrs C and Mr C's complaint and the account was closed. But - Metro added late payment markers to Mrs C and Mr C's credit files.

Mrs C and Mr C complained. They said they'd asked Metro to transfer money from the euro account to the GBP account to avoid charges – they said they'd been told that charges would only apply if there was money in the euro account. They said that because the transfer hadn't been done, fees had been charged and the overdraft was created – through no fault of their own. This had led to the markers on their credit files. They said their credit rating had now been affected and should be put right.

Metro said that in the calls with Mr C in November 2018 and February 2019, it was explained why the charges had been applied to the euro account. But they refunded the charges of euro 105 anyway, taking the balance to zero and closed the accounts. But Metro said that Mr C had been dismissive of the debt and had been advised in SMS texts that there were arrears. So they said the markers on the credit file would not be removed.

Mrs C and Mr C brought their complaint to us. Our investigator issued two views. The first said Metro should remove the adverse markers at the credit reference agencies. Because on a call on 6 February 2019, Metro agreed to refund the charges but hadn't done so. He said it was clear that Mrs C and Mr C wanted to close the euro account from the outset. Mr C had said that on the call in December 2018 but had ended the call - in frustration.

Mrs C and Mr C agreed with the first view, but Metro came forward with a further call which took place on 6 February 2019.

In his second view, our investigator reconsidered his opinion and said the markers were fair – because in the further call on 6 February 2019, Mr C ended the call without allowing the call handler to action his request to close the account – which would've stopped the fees being charged. So – our investigator said Metro acted reasonably and said the adverse markers on the credit files should remain in place. Mrs C and Mr C didn't agree and asked that their complaint be looked at by an ombudsman. So – it has come to me to do that.

I issued a provisional decision which said:

At the outset, let me explain that Mrs C and Mr C appear to have misunderstood Metro's charging policy on euro accounts. This is set out in its terms and conditions. These say that euro accounts with a balance of less than euro 2,000 there is a monthly charge of euro 15.

For accounts with a balance of over euro 2,000, the monthly charge is euro 5. In his complaint to us, and in the conversations with Metro, Mr C thought that if there wasn't a balance on the euro account, there would be no charges at all – but this wasn't ever the case. So – Mrs C and Mr C were mistaken here.

Therefore, after Mrs C and Mr C reduced the balance to euro 7.60 in September 2018, the monthly fees were applied. This was in line with Metro's terms and conditions and that's not something I can challenge. But what this meant was that an overdraft built up after that time due to the monthly fees being applied. By April 2019, the balance was euro105 – all due to the monthly fees applied. The only way that Mrs C and Mr C could avoid the fees would've been to close the euro account previously.

So – having said this, I went on to consider whether Mrs C and Mr C were treated reasonably and fairly by Metro in the context of what happened. And while Metro has followed their processes here, strictly following a procedure or process can lead to an unfair outcome for a customer in the individual circumstances of their situation. I think that's what's happened here.

I listened to the calls between Mr C and Metro.

In the call on 19 November 2018, Mr C asked to transfer the small balance of euro 2.60 credit to the GBP account – this was done and left a nil balance on the euro account. So – that was as he asked.

In the call on 20 December 2018, Mr C said he'd received a text to say the euro account was overdrawn. He asked why that was – when there was no activity on the account,. The call handler explained the overdraft was due to the monthly fees charged and explained the fee structure. Mr C said he had transferred money out of the euro account to avoid the charge (showing that he didn't understand the charges). He became frustrated and asked to close the account but the call then ended.

On the call on 6 February 2019, Mr C again said he'd had a text to say the euro account was overdrawn. He said again that he had been told there were no fees if there wasn't any money in the account. The call handler referred the matter and agreed to refund the monthly fees paid up to then (euro 45). Mr C said he didn't want to pay a monthly fee. But unfortunately, the refund wasn't actioned and the overdrawn balance remained outstanding and continued to increase with the monthly charges. This was an error by Metro.

Also – it seems to me that Mr C was clear that he didn't want to pay a monthly fee, and it would've been reasonable for the call handler to have picked up on that and offered a solution to Mr C to close the account – but didn't. There was an overdrawn balance of euro 45 – due entirely of fees. And there hadn't been any activity on the account for five months – so it would've been reasonable for Metro to have asked Mr C if he wanted to continue with the account – given the monthly fee being charged, but that wasn't done.

There was a second call on 6 February 2019 – Mr C had written to Metro to ask that the account be closed. The call handler explained that the overdrawn balance was due to the monthly fees – but by that time, Mr C was frustrated and said, '*you can do what you like*' (with the overdrawn balance). The call handler tried to say that Metro couldn't close the account on the authority of a letter but Mr C hung up. By that time, in all honesty, I can understand his frustration – as earlier in the day, he was told the overdrawn balance was to be repaid by a refund of the fees – and that hadn't been done - and the second call handler said the overdraft remained at euro 45.

So in summary , while Mrs C and Mr C misunderstood how monthly charges were made on the euro account, it was clear that they didn't want to pay the fees and wanted to close the account to avoid the charges. Metro should've refunded the fees in February 2019 as they'd agreed to – and picked up that Mrs C and Mr C wanted to close the account to avoid fees – but they didn't. Thereafter, matters became confused and Mr C became frustrated.

I then considered whether the marks on Mr C and Mrs C's credit files were reasonable. There hadn't been any credits to the euro account since September 2018 up to when the account closed in April 2019. And here, it's important to see what communications were sent to Mrs C and Mr C by Metro about the debt. If they were clear and not misleading – then I would be minded not to uphold the complaint – as Mrs C and Mr C would've been made aware of the situation. We asked Metro for:

- text messages sent from Sept 2018 to May 2019.
- any letters sent about the account and arrears.
- any communications sent about the impending marks on Mrs C and Mr C's credit file.
- Any Notice of Default or letters of demand.
- Details of the marks added to Mrs C and / or Mr C's credit file.

Unfortunately, Metro haven't sent anything to us – and we have chased for this information. Therefore, I must conclude that there weren't any communications sent – and therefore I don't think Mrs C and Mr C were treated reasonably.

Metro said in their final responses that Mr C had been dismissive of the debt – but I didn't consider that to be the case on the calls I listened to – on the final call on 6 February 2029 – he did say '*do what you like with it*' – but that was after several frustrating calls with Metro up to that point.

So – I intend to uphold this complaint. Metro should remove any adverse markers on Mrs C and Mr C's credit files. And – Mrs C and Mr C argue that their credit rating has gone down as a result – so I think that compensation of £100 for distress and inconvenience is also appropriate.

As is our process, if Metro come forward with information about the communications sent to Mrs C and Mr C, then I may review this provisional decision.

Responses to the provisional decision:

Mrs C and Mr C repeated their points – that their credit file has been affected by a small issue of a few euros. And this had led to a buy to let mortgage application being turned down. It will also likely mean that rates on existing loans will go up when they are reviewed.

Metro sent to us the information we asked for. They said (and evidenced):

- There were texts messages sent to Mrs C and Mr C – three were sent in November 2018 and December 2018. These said '*You're overdrawn on your account. Please pay in sufficient funds within 48 hours*'.
- Metro argued that they'd reported to credit reference agencies that the account was in arrears from February 2019. This was factually correct and shouldn't be changed.

I now need to consider this information and make a final decision.

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.

Our service agrees that factual information should be reported to credit reference agencies. But equally, firms should clearly communicate with customers about their accounts and the actions firms are proposing. And here, in the circumstances of what happened, I noted Metro

didn't send any letters, emails, or make any outbound calls to Mrs C and Mr C about their account.

So – I can't reasonably say that communications were clear and not misleading – as they must be. I don't think that three texts can be reasonably said to be clear communications. And – there was no advice about any reporting to credit reference agencies, or the consequences of not paying in.

This must also be considered with the points I made in the provisional decision – that it was clearly Mrs C and Mr C's intention to close the account and not allow charges to accrue.

Putting things right

Therefore, while I am grateful for the information Metro has sent, my final decision is unchanged from the provisional decision

My final decision

I uphold this complaint. Metro Bank PLC must:

- Remove any adverse information from Mrs C and Mr C's credit files.
- Pay compensation of £100 for distress and inconvenience.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs C and Mr C to accept or reject my decision before 27 June 2023.

Martin Lord
Ombudsman