

The complaint

Mr M complains a credit for £400,000 to his account with Metro Bank PLC (Metro) went missing.

What happened

Mr M was a beneficiary under his late father's will. Following the sale of his late father's home, £400,000 was sent by CHAPS to Mr M's account with Metro on 12 August 2022. It was sent by the executor from an account with another bank. The payment was rejected by Metro due to due diligence checks. It was credited to Mr M's account on 5 September 2022.

Mr M complained. He called Metro several times and got different messages each time about what had happened. He was told it was an international payment (which it wasn't); he was told to get the remitting bank to recall the payment – but that bank said no funds had been returned to them; he was promised a call back which didn't happen; and he lodged three complaints with Metro which weren't immediately actioned. He suffered a great deal of worry and stress – as it appeared that a large sum of money had gone missing. This came after the sad and recent death of both his parents. He made a Data Subject Access Request (DSAR) which didn't include all the information about the incident.

Metro apologised for the poor service he received and paid compensation of £75. On the calls, Mr M wasn't given the information needed. The payment would've been sent back on 18 August 2022, but Mr M hadn't been advised of that. When Mr M was told the payment was an international one, that was an error. Metro said the call back should've taken place but didn't. The reason the payment was rejected was due to a 'beneficiary mismatch'.

Mr M brought his complaint to us. Our investigator said Metro should pay another £675 in compensation. Metro had rejected the payment due to a 'beneficiary mismatch'. The payment was returned on 13 August 2022 and sent back through Metro's intermediary bank (which Metro uses for clearing payments). What happened then isn't clear – our investigator asked for more information as to where the money was in the interim – whether it was being held by the intermediary bank, or whether it had been sent back to the sending bank. But Metro hadn't told us. Metro did say that they shouldn't have rejected the payment in the first place, and this was a mistake. Mr M was given wrong, or incomplete information when he called. She considered the personal impact on Mr M had been significant. She thought the money had been lost and couldn't find out what had happened. Mr M also said a property purchase fell through as he couldn't provide proof of funds.

On the DSAR, our investigator said it appeared that the information had been sent to Mr M – but the actual content of it was a matter for Mr M to take up with the Information Commissioner's Office (ICO).

Mr M didn't agree with the recommended outcome. He said:

- He got mixed messages from Metro as the reason for the rejected payment and wanted to know why it was so rejected.
- Metro had already received payments from the same executors' account and so should not have rejected the credit of £400,000.

- Metro didn't handle his complaint in a timely way.
- Metro had failed to meet its obligations to report the facts to our service. Metro should be reported to the Financial Conduct Authority for this and for not dealing with him appropriately.
- Metro's response to the DSAR didn't address the information needed about his complaint.
- Metro should pay interest on the funds held.
- A house purchase fell through as an agreement in principle couldn't be obtained in time following the acceptance of an offer on a property. There was a knock-on effect of finding other accommodation and the loss of a school place for one of his children.

Mr M asked that an ombudsman look at his complaint, and so it has come to me to do that.

I issued a provisional decision which said:

Let me say – we are an informal dispute resolution service which seeks to come to fair decisions where there is a complaint from a consumer about a financial business. We don't exist to 'punish' firms. Nor are we the regulator of Metro – that's the role of the FCA. So – it isn't my role, or that of our service to 'report' Metro to the FCA based on Mr M's individual complaint.

When Mr M first called Metro on 16 August 2022, (I listened to the call), he was advised that the payment had been returned to the sending bank because the 'input details were incorrect'. The call handler said this was probably because the wrong name was entered by the sender (the executor).

During our investigation, Metro said that they shouldn't have rejected the payment for that reason – they said the payment was sent to Mr M's account and described him as having a christian name and surname. But in Metro's records, they'd recorded his name with his two middle names as well. So – there was a 'mismatch'. But Metro have said that the payment shouldn't have been rejected for that reason. So – if that hadn't happened, none of what followed would've taken place.

Mr M has argued that the payment shouldn't have been stopped because previous credits had been received from the same source. But – all firms, including Metro, have a responsibility to conduct due diligence on payments to prevent financial crime. And – given the amount of the credit, I think Metro were entitled to make the decision to return the payment if they wished. That said, Metro have admitted they shouldn't have returned it for the reasons they did.

On the call, Mr M was asked to contact the sending bank and ask for a 'recall' of the payment. I can't understand why he was told that – as I'm unsure if that was possible. I suspect Metro meant to say – ask the sending bank to trace the payment, which was a different process.

I listened to a further two calls which took place on 25 August 2022 and 30 August 2022. Mr M said the sending bank had not received the money back, and therefore couldn't 'recall' it. Mr M was told the payment had been sent back to the sending bank; that it was an international payment; and that he would get a call back. But – it wasn't an international payment, and the call back didn't take place.

Therefore – from 13 August 2022 and 5 September 2022, Mr M was left without any knowledge of where the money was – and as he has said, it was a large sum to go missing. He was given the wrong, or conflicting information on the calls. I accept that where an

intermediary bank is involved, Metro needed to find out what happened by going back through that bank – and that can be difficult to do. But – that shouldn't be a reason for Mr M to receive poor service here.

We asked Metro several questions as to where the money was between 13 August 2022 and 5 September 2022. And in summary, there aren't any clear answers. Therefore, I'm persuaded that on the balance of evidence, it's more likely than not that the money was with Metro all, or most of the time. Therefore, I think it is reasonable that Metro pay interest on the money for the period in question. I looked at savings rates available at the time – and it's reasonable to say that Mr M could've invested the money in an online instant access account at a rate of 2% p.a. - for 24 days. That would've paid £526. So – Metro should pay that to Mr M.

I've gone on to consider the further points that Mr M has made. In general, our service doesn't award payment for 'consequential loss' – where the knock-on effect is too far removed from the event. Mr M says he couldn't get an 'agreement in principle' (AIP) for a house purchase because of what happened. But – I think it is reasonable to say that such an AIP can fail on many factors taken into account by lenders, and not just on the one quoted by Mr M. These may be – loan to valuation ratios, salary multiples etc. And an AIP is only an indication of a lender's appetite to lend the money – it isn't a formal mortgage offer. And therefore, whether the failed AIP eventually led to the failed purchase cannot be demonstrated with confidence. So – I dismiss this part of the claim.

On the matter of the DSAR, I can see that Metro did provide it within 30 days of Mr M's request - which they are required to do. Beyond that, it isn't our responsibility to ensure whether, or not, the content of the DSAR is appropriate. That is the responsibility of the ICO, and Mr M must approach the ICO if he wishes.

Mr M argues that his complaint wasn't lodged or dealt with quickly enough – but Metro's final response was sent to him on 1 September 2022, which is prompt. So - on balance, I'm satisfied it was handled in the time we would expect to see.

Our investigator recommended the payment of compensation of another £675, taking the total payment to £750. This is very much at the top end of what we would normally see for what happened. However, in this case – especially given the amount of money involved and the impact on Mr M as a result – I think this is justified.

The criteria for deciding awards is set out at:

<https://www.financial-ombudsman.org.uk/consumers/expect/compensation-for-distress-or-inconvenience>

The package of compensation and interest is now commensurate for what happened. But equally, it is at the higher end of what we would normally see – I say this to manage Mr M's expectations of seeking further redress.

Responses to the provisional decision:

Metro had nothing more to add. Mr M responded and accepted the findings to a point. But - he went on to further argue that the house purchase fell through because of the delay in the credit. He attached letters from the estate agent dealing with the transaction, which I looked at. He asked how Metro could be reported for what happened.

I didn't consider the evidence showed that the house purchase fell through because of the error by Metro. I asked Mr M to provide further evidence, which would need to show that the delay in receipt of funds was the sole reason for what happened. Mr M didn't provide this. We emailed Mr M separately about his second point about Metro.

I now need to 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.

As Metro had no comments, and Mr M didn't provide the evidence of further impact, my final decision is unchanged from the provisional decision.

My final decision

I uphold this complaint. Metro Bank PLC must:

- Pay compensation of £675 for distress and inconvenience. This is in addition to the £75 paid by Metro.
- Pay interest on the money involved - £400,000 at 2% per annum for 24 days. This is £526. Mr M should consider whether this is subject to payment of tax in accordance with HMRC rules.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 6 September 2023.

Martin Lord
Ombudsman