

The complaint

Mr S has complained on behalf of company M that Metro Bank PLC ('Metro') delayed the process for changing signatories when there was a change in company director and this led to M suffering losses of around £19,000. He's also unhappy Metro decided to close the account.

The complaint was initially brought to us by Mrs S who was director of M at the time. Mr S, the current director, has since taken over the complaint.

What happened

Mrs S became sole director of M in November 2022 and a few days later attended a Metro branch in order to apply for a new mandate so she could manage M's bank account. Mrs S says she was told that though she was a British national, because she was born in a country currently on the sanctions list, extra checks would have to be undertaken which included providing proof of address documents etc. But she says she was told this wouldn't take longer than two weeks. When the complaint was brought to us, nine weeks had passed and she still had no access to the account.

Mrs S said the financial impact of these delays has been significant on M. She said that one of its projects had to be delayed by at least nine weeks. Over that period M had to pay wages and other expenses including contractor's fees. She asked for an apology and compensation.

Mrs S said that Metro wasn't providing any updates or responding to her messages. And it was not until 9 December 2022 (after emailing her on 3 December 2022 to the wrong address) when she called Metro herself that it asked her to provide another proof of address document as the one already provided wasn't acceptable. About a week later Metro asked for this document to be stamped by the issuing bank. Mrs S said she had to explain that the issuing bank doesn't stamp statements anymore. Mrs S said she had no further updates so she chased again on 5 January 2023. She was told that the foreign nationals' team was being chased but there was no other update.

After Mrs S brought the complaint to us, she also informed us that she had employed a financial business adviser to help her resolve the matter with Metro and that this cost £5,000. She says he managed to get her in touch with the right people at Metro. She said she was told that on 2 February 2023 Metro decided to close the account but would first give her access to the account so she could transfer the remaining funds out. She said it wasn't until 8 February 2023, and with the help of the financial adviser, that she found out that she had been added as a signatory to the account. She added that it wasn't until she visited a bank branch on 10 February 2023 that she found out that the decision to close the account with 60 days' notice was taken on 19 January 2023. But even then, no reason was provided.

Mrs S said over the period between 19 January and 10 February 2023 she was being chased by creditors and debt collectors and felt hopeless and couldn't do anything to pay M's debts. She said since she brought the complaint to us the company's losses increased

to £19,200 including the financial adviser's fees. She added that M's reputation also suffered.

One of our investigators reviewed the complaint and thought it should be upheld. Though she didn't think it was unfair or unreasonable for Metro to close the account by giving 60 days' notice she thought Metro did cause delays when updating the mandate. She thought that it should pay £400 compensation for the inconvenience it caused and also 8% interest on the balance that was in M's account for a period of three weeks. Our investigator accepted that Metro's normal process would have taken up to six weeks to be completed.

Metro agreed with the view but Mr S didn't. He said there was a 14-week delay and not a three week one. He questioned why Mrs S wasn't added as a signatory when Metro decided to close the account in January 2023 and said this caused further unnecessary delays. He also thought that the £5,000 cost for a financial adviser was necessary and could have been avoided had Metro engaged with Mrs S directly. The financial adviser's involvement led to Mrs S getting in touch with the right people at Metro and being eventually added as a signatory. He added that if Metro's process for conducting these checks takes six as opposed to the two weeks Mrs S was told about, then Mrs S should have been made aware so she could make other arrangements. She had to continue paying wages as she didn't know it would take up to 14 weeks. He added that M's previous director was born in the same country as Mrs S and he questioned why Metro didn't carry out similar checks on them at the time. He said that Metro didn't act lawfully and that there was a breach of the Equality Act 2010. Finally, he said unless M was awarded the full £19,200 it is claiming it will take legal action against Metro.

Our investigator didn't change her view. In relation to Mr S's comment about Metro breaching the Equality Act 2010 she said that's a matter for the courts to decide though we do take the act into account when deciding what is fair and reasonable in the circumstances. She didn't think that Metro had acted unfairly or unreasonably in this case.

The matter was then passed to me to decide.

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.

It might be helpful if I start by explaining that our service doesn't punish or fine businesses, and it's also not our place to say that a procedure the business follows is incorrect. Only the industry regulator, the Financial Conduct Authority (FCA), can do this. Businesses have legal and regulatory obligations they have to meet and they have processes in place in order to meet these obligations. They can broadly be summarised as a responsibility to protect persons from financial harm, and to prevent and detect financial crime. To comply with its obligations Metro may need to review an account and/or restrict its customers' access to accounts and funds held within them. So, our role in cases like this one, is to look at whether the business has followed its own internal procedures correctly, while also meeting its legal and regulatory obligations.

The delays

Metro said that it needed to do additional checks due to Mrs S being born in a country which is subject to UK sanctions. Sanctions can be broad and relate to countries, individuals, trade and transactions. Metro is expected to take measures to comply with current sanctions which means it has a number of things it needs to be aware of and monitor as part of its legal and regulatory obligations.

When Mrs S approached Metro to change the business mandate for M so she could become a signatory she was told that checks would have to be carried out. She provided various documents including one for proof of her address which was ultimately not accepted by Metro. I have seen Metro's process in relation to valid documents for proof of address and I agree that what was provided was not suitable. I think this is something Metro branch staff perhaps should have been aware of. I think if they had told Mrs S that this was the case, she would have provided alternative documentation- as she did on 9 December 2022 when she provided a bank statement from another bank. So I think there was a delay there. Metro apologised for the delay and said it emailed Mrs S on 3 December 2022 to let her know. Mrs S said she never received that email. I have seen the email and the address is incorrect. Mrs S was eventually made aware but in any event, I thought she should have been informed either on or not long after 14 November 2022.

There was a further delay because the second proof of address was not accepted initially, but Metro eventually accepted that the other bank whose statement it was no longer stamps its statements. Though there was a bit of back and forth here I don't think this was solely down to Metro. I think it was right for it to look into the authenticity of the statement before accepting it. Metro eventually forwarded this statement on to the foreign nationals' team on 5 January 2023. The team's automatic response said that it could take up to six weeks to respond.

Mrs S's financial adviser emailed Metro on 26 and 27 January 2023 asking for the matter to be progressed. The mandate was changed on 8 February- four weeks after it was sent on to the relevant team.

Mr S said there was a 14 week delay and not three. I take it he means that the 14 weeks started on 14 November 2022. I would respectfully disagree and the reason for this is because I don't think the mandate could have been amended on the day Mrs S went into branch. As I said above, Metro was acting within its process and in line with its legal and regulatory obligations when it said that further checks would have to be undertaken.

As I said above I think a delay was caused when the staff at the branch did not advise Mrs S that the initial proof of address she had provided was unsuitable. If she had been advised at the time I think she would have returned without much delay with the correct proof of address. So instead of the proof of address being provided on 9 December 2022 I think it would have been provided within a few days of 14 November 2022. So I think there was roughly a three week delay there and I agree with our investigator that Metro should pay 8% simple interest on the balance that was in the account at the time, while Mrs S unjustifiably couldn't access the account. And I think it should also pay M £400 compensation for the inconvenience these delays caused. Mrs S said that she was being chased for payments and also that she had to carry on paying staff and contractors and I appreciate this would have been very inconvenient to do without access to M's account.

The decision to close the account

Metro decided to close the account on 18 January 2023 and gave M 60 days' notice to move its funds to another account. Mr S pointed out that Metro could have at that point made Mrs S a signatory so she could manage the account but I don't think the decision to close the account necessarily meant Mrs S could have been added as a signatory if the relevant checks were yet to be completed. Mrs S also said that she didn't find out about this because she didn't receive Metro's letter. I have seen the letter and it was sent to M's registered address at the time, so, on balance, I think Metro did enough to bring it to Mrs S's attention.

Metro's terms and conditions say that it can decide to close an account under certain circumstances either immediately or by giving 60 days' notice. I have looked at Metro's reasons for giving 60 days' notice, some of which were sent to us in confidence and which I

can't share with Mr S, and I think it's decision to close the account with notice was in line with its terms and conditions and nothing other than a legitimate exercise of its risk appetite. So I think it acted fairly and reasonably in this regard.

Discrimination

Mr S said that he believes that Metro's decision to close the account was discriminatory and solely based on where Mrs S was born. He said he believes Metro has breached the Equality Act 2010.

It's not for our service to consider if Metro's actions breached the Equality Act 2010, that is for a court to decide. However, it is our role to consider if Metro has treated Mrs S fairly and reasonably.

I appreciate the situation would have been very frustrating for Mr S and Mrs S, especially not knowing the exact reason for the closure but, from what I have seen, I don't think Metro has treated Mrs S in any way that would be different or less favourable to another customer in a similar position. Nor do I think Metro has acted unfairly or unreasonably. I hope that it helps Mr S and Mrs S to know that someone impartial and independent has looked into their concerns.

The claim for compensation

Mr S said that M incurred costs of £19,200 over the period when it had no access to its account. He said M didn't have another account which it could use. He said that the £19,200 was made up of wages amounting to around £12,250, £5,000 for the financial adviser's expenses and other expenses such as storage and electricity.

Mr M has kindly provided some documents in support which I have reviewed. In relation to the financial adviser's expenses this isn't something I would be minded to make an award for because I think it was Mrs S's choice to instruct someone to do something I think could have been done without professional help. Also, from what I have seen the adviser sent two emails over two days and I am not sure this would justify his fee. But in any case, I don't think, and Metro supports this, that the adviser's contribution moved things any further forward.

In relation to the wages, again this isn't something I would be looking to make an award for, as on balance it isn't clear to me that this is an expense that flows directly from Metro's actions. I also note that most of the wages, around £10,000, were paid in cash and I am not sure handwritten invoices would amount to sufficient evidence or strong enough evidence to make me make this award. Also, as our investigator said, it's not clear that these expenses were solely payable as a result of Metro's actions and I also haven't seen any evidence to show that, on balance, they weren't potentially recouped later on, which I note is something our investigator asked for.

For the same reasons as above, I am also not minded to make any awards for the other expenses.

Finally, Mr S and Mrs S have asked for a written apology from Metro but I don't think that a forced apology would have much meaning at this late stage so I won't ask Metro to provide one.

My final decision

For the reasons above, I have decided to uphold Mr S's complaint on behalf of M and direct Metro Bank PLC to do the following:

- Pay M £400 compensation for the inconvenience it caused it.

- Pay 8% simple interest per year on the balance in M's account starting three weeks before the mandate was changed and up to the date it was changed.

Metro Bank PLC must pay the compensation within 28 days of the date on which we tell it Mr S accepts my final decision. If it pays later than this it must also pay interest on the compensation from the deadline date for settlement to the date of payment at 8% a year simple.

Under the rules of the Financial Ombudsman Service, I'm required to ask M to accept or reject my decision before 17 April 2024.

Anastasia Serdari
Ombudsman