

The complaint

Mr F has an account with Metro Bank PLC (Metro) for the Small Self-Administered Scheme (SSAS) of which he is a trustee and member. He complains that Metro gave him the wrong amount of interest on this account. He's also unhappy about the interest being paid from this account to his pension administrators, who I'll refer to as business W.

I understand that Mr F has also complained to business W. And that his complaint about that business is currently with the Pensions Ombudsman. I won't comment further on that complaint. My decision here will only cover the actions of Metro.

What happened

Mr F is a Trustee and only remaining member of his SSAS. The SSAS has a bank account with Metro.

Mr F said that Metro had never made him aware that it would pay interest to business W. He said that if it had, he wouldn't have allowed it.

Mr F wrote to Metro on 23 February 2023. He wanted to know who set the interest rate on his account. He noted the small amounts of interest he'd received from 2020 to 2022. And felt he was being ripped off by either Metro or business W.

Mr F said he'd gone to a Metro branch in November 2022 to freeze his account.

Mr F said that Metro didn't respond to his February 2023 letter. Metro said it wouldn't investigate Mr F's questions as business W was responsible for setting the interest rates it paid.

Mr F wrote to Metro again on 24 March 2023. He said his complaint was that from 9 September 2021 to 30 December 2022, he'd been paid the wrong amount of monthly interest on the account. He also felt that no interest should now be going to business W.

Metro replied to Mr F to say it had passed on his complaint to a team which would be able to answer his questions.

Business W wrote to Mr F on 31 March 2023 about a change to the interest rates on the Metro SSAS current account. It said that as the Bank of England had recently announced increases in base rates, Metro had amended both the interest rates paid, and the payments to it would make to business W in relation to the SSAS account. The letter explained that the interest business W received from Metro allowed it to keep the rest of its fees to a minimum so it could offer an efficient administration service.

Business W said that since 1 January 2023, the interest rate credited to the account had been increased from 0.01% to 0.55% each year. It also explained what interest it would receive. And what it used that for. Business W provided a schedule showing the rates of interest that had been credited to the account and to it since March 2022. This showed that the account was currently receiving 0.55% while business W was currently receiving 1.40%.

Mr F wrote to Metro again on 3 April 2023. He wasn't happy that it didn't seem to have a complaints department. He was also unhappy that provider S was now getting 1.40% of interest while the account was only getting 0.55%.

Mr F repeated his complaint to Metro in April 2023. He said that Metro had paid him incorrect interest on the account from 9 September 2021 until February 2023. He said he hadn't known that interest was going to business W until November 2022.

Metro issued its final response to the complaint on 27 April 2023. It acknowledged that it had fallen short in the service it'd provided, and that this had led to a delay in resolving the complaint. But said that it wasn't able to investigate the complaint as the responsibility for it was with business W. It asked Mr F to direct his complaint to business W.

Mr F then made a complaint about business W which he brought to this service. I understand that complaint is now with the Pensions Ombudsman. So I won't comment further on that.

Mr F also brought his complaint about Metro to this service.

Our investigator told Mr F that he would first have to consider whether this service had the jurisdiction to consider the complaint. He asked Metro to provide confirmation of the named account holder of the SSAS account. He also wanted to know who was responsible for setting and calculating the interest paid on the account.

Metro told this service that we would need to get this information from business W.

Our investigator then asked business W if it could provide the information he needed.

Business W confirmed the account name and said it was managed by both Mr F and it. And that the SSAS was held for the benefit of Mr F as the beneficial member. It also said that the interest levels for the account were set by the bank provider. But that a portion of that interest was passed to business W. It said this was clearly documented.

Our investigator felt that as Mr F was a trustee of the SSAS, he was an eligible complainant for the purposes of this complaint.

Metro didn't agree with our investigator. It didn't think Mr F was an eligible complainant. It asked us to review the jurisdiction of the complaint.

Our investigator issued his jurisdiction view on 19 October 2023. He felt that Mr F was an eligible complainant and that the complaint was one this service had the power to consider.

On 27 November 2023, Metro agreed with our investigator's jurisdiction view. It then provided the information this service needed so that it could consider the merits of the complaint.

Our investigator didn't think the complaint should be upheld. He said that Metro was doing what it'd agreed with business W to do. He also said that if Mr F hadn't been made aware of how this would work, he should include this in his complaint against business W.

Mr F didn't agree with our investigator. He still felt that Metro and business W was trying to defraud him. He felt that Metro had effectively allowed business W to steal money from the SSAS account.

As agreement couldn't be reached, the complaint has come to me for a review.

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.

Having done so, I'm not going to uphold it. I know this will be disappointing for Mr F. I'll explain the reasons for my decision.

Before I consider the complaint, it's important to note that Mr F is not personally the customer on the SSAS account with Metro. The customer is the Retirement Fund that Mr F is a Trustee of. Business W is the administrator of the Fund. So Metro sends statements to it in that role.

I first considered if Metro did what it should've done.

Did Metro do what it should've done?

Metro has provided this service with documentation which sets out the agreement between it and business W. In particular, it shared details of the bulk agreement in place to provide bank accounts held by business W's customers in their SSASs or Self-Investment Personal Pensions (SIPP).

The original agreement is dated 21 December 2012. This states that business W is entitled to "payments" from Metro. These are defined as: *"fees due to the Introducer pursuant to this Agreement which shall equal 0.45% per annum of the total aggregate value of deposits processed and credited to the Accounts in the previous calendar quarter as at the last Working Day of each calendar quarter provided the Bank's product interest rate is equal to or greater than 0.45%"*.

On 18 October 2018, Metro issued a side letter to its 21 December 2012 agreement with business W. This amended the definition of "payments" as follows: *"Metro Bank hereby agrees that where the bank increases the headline interest rate paid on the accounts introduced by [business W], that the bank will contact [business W] to establish how the interest rate is to be split between a payment to [business W], and the interest rate paid on each respective underlying bank account, prior to any amendment taking place."*

There have been a number of agreed rate changes between Metro and business W since 2018. Business W provided a schedule showing the rates of interest that had been credited to the account and to it since March 2022 in its 31 March 2023 letter. It also stated in that letter that the interest rates listed applied to the default current account which offered mainly free banking and which was intended as a transactional account, rather than a savings account. But that other accounts – both with Metro and other providers – were also available if preferred.

The letter also stated that details of the rate applicable to the SSAS bank account, and the rate paid to business W, would be detailed in the SSAS annual report.

I've not seen any evidence that Metro did anything wrong here. From what I've seen, it applied interest appropriately and in line with the terms of its agreement with business W.

I next considered Mr F's point that he asked Metro to freeze outbound payments from the account in November 2022. But it still made the interest payments to business W.

Did Metro follow Mr F's instructions?

I understand why Mr F didn't expect further payments to be made from the SSAS account, especially after he'd asked Metro bank to freeze all outbound payments in November 2022.

I say this because business W sent Mr F its latest SSAS fee schedule on 12 September 2022. This confirmed the following: *"no outgoing payments, other than your regular pension payments (including tax to HMRC), will be made from the SSAS without your approval."* So I can see why Mr F wouldn't have expected there to be outgoing transactions that he wasn't aware of.

But the agreement between Metro and business W entitled business W to interest payments from Metro. So it was required to make the interest payments under the terms of that agreement.

I acknowledge that Mr F is concerned that Metro and business W is trying to defraud him.

From the evidence provided, I can see that business W wrote to Mr F on 17 May 2018 to tell him about a technical issue that Metro had gone through, in which statements were being issued with the client name and address at the top and different bank details and balances in the main body of the statement. The letter explained that Mr F's account had been affected by this issue.

The letter went on to explain how the error had occurred. And the steps Metro would take to put things right. This included Metro asking its fraud team to monitor all affected accounts to ensure that no unauthorised transactions took place.

Although I understand why the May 2018 letter might've caused Mr F some concern at the time, I've not been provided with any evidence that Metro has tried to defraud Mr F. From what I've seen, it's correctly followed the terms of its agreement with business W.

This has clearly been distressing for Mr F. And while he may be disappointed with my decision, I hope that he finds it in some way reassuring. But as I've not found any evidence that Metro has done anything wrong, I can't reasonably uphold the complaint.

My final decision

For the reasons explained above, I don't uphold Mr F's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F to accept or reject my decision before 18 April 2024.

Jo Occleshaw
Ombudsman