

The complaint

Miss T complains about a decision by Metro Bank PLC (Metro) to place a block on her account after she received some funds, and an unreasonable timescale for the block to be removed. Miss T says this had a significant impact on several aspects of her life.

What happened

Miss T is represented by a third party in bringing her complaint. For ease of reading, I'll mainly just refer to Miss T in my decision.

In late September 2023, Miss T received an automated credit to her account from an organisation which I'll call B. On receipt of the funds, Metro placed a block on Miss T's account. Despite making significant efforts by telephone and in person with Metro, Miss T did not gain the clarity she needed as to why the block had been placed, and what was required to remove it.

Eventually, Metro did say that part of the reason the block was placed was due to the account being classed as dormant therefore as a security measure, restrictions were added when the unexpected credit was received. After further contact, Metro requested up to date identification for Miss T which she duly supplied, and the block was removed over three weeks after it was applied.

Miss T said her inability to access her funds meant that she could not pay for transport to find employment, she was effectively housebound for the period, and it exacerbated her anxiety and negatively affected her mental health. She complained to Metro who upheld her complaint apologising for the distress and inconvenience caused. They explained why they applied the block but acknowledged they could have unblocked the account sooner. As a result, they offered £200 as a goodwill gesture.

Remaining unhappy, mainly with the goodwill gesture, Miss T referred her complaint to our service. Our investigator recommended the complaint be upheld adding that an additional £200 compensation would be a fair resolution. As Metro didn't respond within the timescale our investigator gave, the complaint has been passed to me.

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 have looked at the information Metro has supplied to see if it has acted within its terms and conditions and to see if it has treated Miss T fairly.

If I don't mention any specific point, it's not because I failed to take it on board and think about it, but because I don't think I need to comment on it to reach what I think is a fair and reasonable outcome. No discourtesy is intended by me in taking this approach.

I'll deal first with Metro's decision to block and review Miss T's account. Metro has important legal and regulatory obligations it must meet when providing accounts to customers. These obligations are ongoing, so do not only pertain to when an account is opened. To comply with its obligations, Metro may need to review an account and/or restrict its customer's access. The bank is also entitled to ask questions about payments into and out of an account to comply with these obligations.

Having looked at all the evidence, I don't believe it was unreasonable in the circumstances for Metro to block Miss T's accounts and ask her for information. Metro has explained that this was the standard procedure that banks, and other financial businesses are required to have in order to adhere to the Know Your Customer responsibilities (also known as Customer Due Diligence), as set out by the regulator - the Financial Conduct Authority. So, whilst I accept this caused Miss T inconvenience, I can't say Metro treated her unfairly initially, when it blocked her account and asked her to provide information.

And Metro doesn't have to disclose to its customers what triggers a review of their accounts. It's under no obligation to tell Miss T the reasons behind the account review and block, as much as she'd like to know.

In accepting the above, it's not in question that Metro made mistakes and admitted to them. It's disappointing to hear that Miss T had to put so much effort into, and expended so much time towards Metro in her attempts to resolve the issue, and that it took so long for the block to be removed.

I can fully understand how frustrated Miss T would have felt with Metro and taking into account all the circumstances, I agree with the investigator that the goodwill gesture should be increased to £400 in total. This, I believe fully represents the far-reaching impact of Metro's actions, in particular their lack of action in response to Miss T's multiple efforts at resolving the issue.

My final decision

For the reasons I have given it is my final decision that the complaint is upheld. I require Metro Bank PLC to pay Miss T £400 compensation in total (less any amount it has already paid her) for the impact of its poor service.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss T to accept or reject my decision before 1 May 2024.

Chris Blamires
Ombudsman