

The complaint

Mr L complains that Metro Bank PLC blocked his account whilst waiting for information requested. Mr L would like £1,000 compensation and the block removed.

What happened

Mr L had an account with Metro. Following a review Metro asked Mr L to provide proof of source of funds in relation to a payment of £16,000 paid into the account on 30 November 2022. Mr L had later attempted to pay £15,600 into an account in his name with another bank I will call bank A, but the transfer was rejected. Mr L contacted Metro. The payment was reversed, and in the meantime, they blocked the account.

Mr L says Metro weren't clear what information they needed and in respect of which payment.

Metro have said they accept that their communication could have been better. Metro offered Mr L £175 compensation for the inconvenience. Mr L rejected the offer.

Metro said Mr L still needed to provide proof of entitlement of the £16,000 paid into his account in order for Metro to unblock the account. Having reviewed the issues Metro decided to increase the offer of compensation to £250.

Once Mr L was clear which payment Metro needed information about. He provided satisfactory evidence. Metro unblocked the account on 12 October 2023.

One of our investigators looked into the case. He thought Metro could have been clearer in their communications. He also thought Mr L had been given the correct information at the outset in a call with Metro on 5 December 2022, so he must have known what payment they wanted evidence about. Our investigator thought Metro's revised offer of £250 was fair.

Mr L disagreed and requested a copy of the call recording.

As there was no agreement the matter has come 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.

I'll start by setting out some context for the review of Mr L's account. UK legislation places extensive obligations on regulated financial businesses. Financial institutions must establish the purpose and intended nature of transactions as well as the origin of funds, and there may be penalties if they don't. This applies to both new and existing relationships. These obligations override all other obligations. I am satisfied Metro were complying with these obligations when they reviewed and blocked Mr L's account and asked him to provide information about a payment.

Having said that the crux of this complaint centres around the information that Metro wanted and whether they were clear in asking this information from Mr L.

It is unfortunate that Mr L wanted to transfer funds from his Metro account to his account with bank A and that this was the transaction that was blocked. Mr L called Metro to find out why this transaction hadn't gone through.

I have listened to the call on 5 December 2022 between Metro bank and Mr L. I can hear Mr L was very frustrated with the request to provide proof of payment. Mr L kept saying he was sending money from his Metro account to another of his accounts and he couldn't understand why Metro were querying this. However, I can also hear that the Metro representative did repeat a couple of times that Metro needed proof of inwards payment of £16,000 on 30 November 2022 together with the reason for receipt. Mr L tried to clarify by asking was this proof of payment from "my account to my account" – unfortunately the Metro representative said yes which was incorrect. I can see how Mr L may have been left thinking he needed to provide information about his payment of £15,600 from his Metro account to his account with bank A. Mr L was provided with an email address to send the required documents but I understand he didn't send any documents to Metro.

In addition, the final response letter (FRL) refers to Mr L needing to provide proof of a payment being sent not received. In general, I would say that the final response letter from Metro isn't as clear as it should be. Metro have agreed.

I can see from an email received by our service from Mr L on 16 August 2023 that he didn't know Metro wanted to see evidence for the £16,000 incoming payment. He thought Metro wanted evidence for the £15,600 transfer from his Metro account to his account with Bank A.

I accept that Metro could have done better and been clearer in expressing what information they needed, in particular the call of 5 December 2022 is confusing and the FRL isn't much better.

I also accept that Mr L could have contacted Metro to seek clarification as to what information they needed to unblock the account. Instead, Mr L pursued a complaint with our service. Mr L has a duty to mitigate his losses and he could have done so by contacting the bank to request clarification.

Metro have offered £250. I think this amount is fair. I say this because although I'm satisfied that Metro gave unclear information to Mr L on a number of occasions, Mr L could have contacted Metro to clarify what documents were needed so I think Mr L's inactivity contributed to the length of time his account was blocked. Your text here

My final decision

For the reasons stated above I partially uphold the complaint. I direct Metro Bank PLC to pay Mr L £250 compensation for the inconvenience caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 8 May 2024.

Esperanza Fuentes
Ombudsman