

The complaint

Ms A complains Metro Bank PLC unfairly closed her account and wrongly applied a Credit Industry Fraud Avoidance System ('CIFAS'- the UK's fraud alert service) marker against her name.

What happened

Ms A opened a Metro Bank account online on 9 November 2023. There was no activity on the account until February 2024. On 5 February 2024 Ms A received a payment for £500 into her account. Ms A's account was blocked on the same day whilst Metro carried out a review of the activity. This included asking Ms A for details of the incoming payment to establish Ms A was entitled to receive it and it was legitimate.

Ms A provided information to Metro – these included screenshots of a conversation she had with a third party. Ms A says a friend asked her to help him send money to his sister. This involved Ms A receiving a payment in and forwarding it on to another account. Ms A maintained she had no knowledge of the activity being fraudulent. Ms A explained she had provided all the evidence she could, and Metro Bank had failed to properly consider her version of events.

Metro Bank reviewed all the available information and issued a notice to close letter issued on 20 February 2024. This provided Ms A with 7 days to withdraw any funds and make alternative banking arrangements. As well as closing the account Metro Bank registered a CIFAS marker against Ms A. Metro Bank said it had met the burden of proof set out by CIFAS to register this and it had acted in line with its legal and regulatory obligations.

Ms A raised a complaint with Metro, but it didn't think it had done anything wrong. It said, it had placed the marker in line with its internal policies and regulatory obligations. It also explained the account closure was carried out in line with the account terms and conditions. But Ms A didn't think this was fair and referred the complaint to our service.

An Investigator looked into Ms A's complaint and gathered the relevant evidence. Initially the complaint was upheld as Metro Bank hadn't provided evidence to support its handling of the account and the application of the CIFAS marker. However, once further information was received the Investigator didn't think the complaint should be upheld. The Investigator explained this was because:

- The account block and subsequent closure was done in line with the account terms and conditions.
- Metro provided 7 days' notice of the closure, which was reasonable given the reason for the closure.
- The loading of a CIFAS marker was appropriate and the standard of proof had been met.
- Ms A's testimony and evidence wasn't sufficient in explaining the account activity in light of the other evidence Metro had gathered.

Ms A didn't accept the Investigator's findings and maintained she had been treated unfairly. As no agreement could be reached the complaint was referred to me – an ombudsman – for 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.

I appreciate Ms A was disappointed by the Investigator's opinion. I'd like to reassure Ms A that I've considered the whole file and what's she's said. But I'll concentrate my comments on what I think is relevant. 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 would add too that our rules allow us to receive evidence in confidence. We may treat evidence from banks as confidential for a number of reasons – for example, if it contains security information, or commercially sensitive information. Some of the information Metro Bank has provided is information that we considered should be kept confidential. This means I haven't been able to share a lot of detail with Ms A, but I'd like to reassure her that I have considered everything that he's told us.

I will deal with each key aspect of Ms A's complaint in turn.

Account block and closure

As a UK financial business, Metro Bank is strictly regulated and must take certain actions in order to meet its legal and regulatory obligations. It's also required to carry out ongoing monitoring of an existing business relationship. This includes establishing the purpose and intended nature of transactions as well as continuing to carry out due diligence checks on account holders, and there may be penalties if they don't. That sometimes means Metro Bank needs to restrict, or in some cases go as far as closing, customers' accounts.

Metro Bank has explained and given me information to show why it reviewed and closed Ms A's account. Having carefully considered this, I'm satisfied Metro Bank took these actions in line with the obligations it must adhere to. The account block allowed it to review the activity on Ms A's account and establish details from her in light of the fraud report it had received. I consider this to be a standard approach for bank's like Metro Bank to take when it has received information from a third party. I understand Ms A was unable to use the account whilst it was blocked, but given this didn't appear to be her main account, I can't see that it had a significant impact on Ms A.

In addition, Metro Bank is entitled to close an account just as a customer may close an account with it. But before Metro Bank closes an account, it must do so in a way, which complies with the terms and conditions of the account. Metro Bank gave Ms A seven days' notice of closure, but as the account was blocked I consider this the same as immediate closure. Looking at the terms of the account Metro is able to close the account immediately in specific circumstances. Looking at the information provided by Metro Bank, I'm satisfied the closure was carried out in line with these terms.

I know Ms A feels Metro Bank has acted unfairly given the lack of information provided to her about the closure. Ultimately Ms A would like a detailed explanation as to why Metro Bank took these actions. But Metro Bank isn't under any obligation to provide this. As Ms A is

aware, Metro Bank had queries about payments into her account and its review of the account led to its decision to end its banking relationship with Ms A. Having carefully considered the evidence Metro Bank relied on, I'm satisfied it acted appropriately and in keeping with its regulatory duties.

Ms A says Metro's decision to close his accounts caused her significant distress and she wasn't given any support by Metro. I do appreciate this matter would've caused Ms A difficulty, but I can't see that this was Ms A's main account as there isn't general spending on the account. The decision to block and then close a bank account immediately can't be taken lightly given the impact it can have on a customer, and in Ms A's case I think this was a necessary step for Metro Bank to take. I appreciate Ms A felt the staff in branch weren't helpful, but when the decision to close an account is made there are certain circumstances which mean there is very little branch staff or call handlers can disclose to the customer. Overall, I think Metro Bank acted swiftly and reasonably in its handling of the account.

CIFAS marker

When a bank is a member of CIFAS, it can record a marker against a customer when that customer has used their account fraudulently. This type of marker will stay on a customer's record for a specific period of time, depending on the customer's age and will usually make it difficult for that customer to take out new financial products. CIFAS forms an important part of the financial services regulatory framework and is intended to assist in the detection and prevention of financial crime.

In order to file such a marker, Metro Bank is not required to prove beyond reasonable doubt that Ms A is guilty of a fraud or financial crime, but it must show that there are grounds are more than mere suspicion or concern. CIFAS says:

- There must be reasonable grounds to believe that an identified fraud or financial crime has been committed or attempted; and
- The evidence must be clear, relevant and rigorous such that the member could confidently report the conduct of the subject to the police.

What this means is that Metro Bank will need strong evidence to show that Ms A has used the account to receive fraudulent funds. A CIFAS marker shouldn't be registered against a customer who has acted unwittingly – there must be evidence of a deliberate fraudulent action.

My role is to establish if Metro Bank has sufficiently demonstrated it has met the burden of proof set out by CIFAS to load the marker against Ms A. Metro Bank has provided this service with details of the investigation it carried out following the fraud report it received. This included a detailed review of Ms A's account activity and the details Ms A submitted as part of the account review. A key part of Ms A's complaint is that she has provided clear evidence in the form of screen shots of the conversation she had about the incoming payment. But having reviewed these, I can't see that they adequately explain the incoming payment and the forwarding payment made by Ms A.

Overall, my review of this information, alongside the submissions made by Ms A to this service has led me to the same view reached by Metro Bank. The evidence available equates to more than mere suspicion or concern of fraudulent activity. I therefore find that the marker was loaded fairly.

I appreciate Ms A will be disappointed with my decision and I fully appreciate the impact the

fraud marker is having on her. But I am satisfied Metro Bank acted reasonably in taking this action to discharge its regulatory obligations. I hope my decision provides some clarity around why I won't be asking Metro Bank to take any further action.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms A to accept or reject my decision before 19 February 2025.

Chandni Green
Ombudsman