

## The complaint

Mr B's complaint is that Metro Bank PLC closed his account very soon after it had been opened, without notice and without good reason. He believes that, in doing so, the bank acted in a discriminatory manner towards him.

## What happened

In January 2023 Mr B attended a Metro Bank store with a view to opening a new current account. Amongst other things, he provided his passport and proof of his address.

Shortly afterwards, Mr B was contacted by the store and asked to attend again, in order to complete an additional form. He was also asked to bring his passport. He did so, but was then contacted and invited to the store for a third time. He was assured after this visit that the bank had everything it needed to open the account, but that it might take a few weeks for the paperwork to be checked.

Mr B was briefly able to use the account, but from around 3 February 2023 Metro Bank restricted it and Mr B was unable to use it. It said it needed to carry out further checks and that it would be in touch if it needed any more information.

Mr B heard nothing further, but was later told that the bank had closed the account in March 2023. He complained to Metro Bank. In a response dated 27 July 2023, the bank explained that it had needed to carry out additional checks because Mr B had been born in, and had lived in, a country which is subject to sanctions. It acknowledged that the checks should have been completed when Mr B had first attended its store, and that further visits and the completion of duplicate forms should not have been necessary. And it explained its decision to close the account as follows:

*"The store then subsequently made a decision to close the account on 01 March. They should not have closed your account. In [on] instances where the bank has made a decision [sic] to close an account, this should be only on occasions [sic] when it is in accordance [sic] with our terms and conditons [sic], and with notice. Neither of these were applied when they closed your account. As I understand it having spoken to the store, this decision was made based on the Bank's internal deadlines for an account opening, which has since been revised."*

Metro Bank denied that its decision had been discriminatory and indicated that Mr B could submit a further application if he wished (although it acknowledged that he was unlikely to want to do so). It did however offer Mr B £350 in recognition of its errors and to compensate him for the distress he had suffered and for the inconvenience to which he had been put. Mr B did not accept the bank's offer and asked the Financial Ombudsman Service to look at his complaint.

Mr B also submitted a subject access request to Metro Bank. Following its response, he referred that matter to the Information Commissioner's Office (ICO). The ICO upheld his complaint, noting that some documents which should have been provided had not been provided and that others had been redacted to a greater extent than was necessary. Its

report noted that it could not award compensation, but that other organisations – including an ombudsman service – could do so.

One of our investigators considered what had happened and issued a preliminary assessment of Mr B's complaint. The investigator concluded, in summary:

- The reason Metro Bank needed further information before fully opening the account was because Mr B had been born in a country which is subject to sanctions. That was not unreasonable.
- Metro Bank did not handle the process well. It should have obtained all the information it needed at the beginning. Had it done so, Mr B would not have had to go to the Metro Bank store on several occasions.
- The account was closed because of a lack of information, but the bank had not asked for all relevant information. The closure was unfair.
- It was for a court, not this service, to decide whether Metro Bank was in breach of the Equality Act 2010.
- The offer of £350 to resolve matters was fair and reasonable in the circumstances.

Mr B did not accept the investigator's assessment. Initially, he said that he did not want to pursue the matter further through the Financial Ombudsman Service, but later said that he did – and asked that an ombudsman review the case. In doing so, he asked that the ombudsman hold a hearing and invite Metro Bank representatives to attend.

In an attempt to resolve matters, Mr B indicated that he would be prepared to settle the dispute for £1,500 – a counter-offer which Metro Bank did not accept. The bank repeated its offer of £350. Mr B did not accept it.

Mr B also began court proceedings, seeking a declaration that Metro Bank is in breach of the Equality Act. Those proceedings are currently stayed to give the parties the opportunity to explore alternative dispute resolution – including through this service – and to narrow the issues between them.

I considered what had happened and issued a provisional decision, in which I said:

### **Hearings**

*Mr B has indicated that he would like a hearing before his complaint is determined. Under DISP3.5.5R of our rules, an ombudsman can invite the parties to take part in a hearing if he considers that a complaint cannot be fairly determined without one. Hearings are, however, very unusual, and an ombudsman has no power to compel the attendance of witnesses or to require that evidence be given on oath.*

*My current view is that I am able to determine Mr B's complaint without the need for a hearing. There are few issues of fact that are in dispute, and the complaint is well-documented and clearly set out. In my view, holding a hearing is unlikely to assist in the resolution of the issues which Mr B has raised, but will add delay, cost and unnecessary formality which is not appropriate in this case.*

### **Court proceedings**

*As I have indicated, Mr B has started legal action against Metro Bank. In those proceedings, he seeks "... a declaration that [Metro Bank] has unlawfully discriminated against him contrary to the Equality Act 2010, and further or in the alternative, contrary to section 18 of*

the Payment Accounts Regulations 2015.” He also seeks damages and interest. The proceedings are currently stayed.

*Under DISP.3.3.4AR of our rules, an ombudsman can dismiss a complaint without considering its merits for one of five reasons. They include where the subject matter of the complaint is the subject of current court proceedings, unless those proceedings have been stayed so that the matter can be considered by the Financial Ombudsman Service.*

*Here, the court proceedings have been stayed. And, although the court proceedings and Mr B’s complaint to this service are closely linked, in my view they do not necessarily concern quite the same subject matter. In the court action, for example, Mr B seeks a declaration that Metro Bank is in breach of the Equality Act and / or the Payment Accounts Regulations; in considering his complaint to this service, however, those are relevant pieces of legislation which I must take into account in deciding what’s fair and reasonable. I am satisfied therefore that I should consider the merits of Mr B’s complaint.*

### **The account opening process**

*When he applied to open an account, Mr B provided his UK passport and proof of address. His passport shows that he was born outside the UK, in a country which is subject to sanctions. Because of that, Metro Bank required him to complete an additional form – called “Enhanced Know Your Customer” (or EKYC). That form required Mr B to provide further information, including information about his place of birth, whether he had lived abroad, whether he owned property or had bank accounts abroad and whether he had any business interests abroad. It also asked about the source of funds which would be paid into the account.*

*Mr B has said – and I accept – that he provided all the information requested of him and that this showed that his current connections with his country of birth are very limited. For example, he has not lived there for around 15 years, and his wife is not a national of that country. He has no financial links with it.*

*The EKYC form included an explanatory introduction. It said:*

### **Enhanced Know Your Customer (EKYC)**

*This form is for new and existing customers who are a national of a prohibited country and/or whose country of birth is a prohibited country.*

### **Why is this form required?**

*Transactions can’t be made to or from any prohibited country. Metro Bank has the right to block the account and withdraw its banking relationship with a customer when a transaction with a prohibited country has taken place, directly or indirectly.*

*On the face of it, therefore, the EKYC form was intended to mitigate the perceived risk to the bank of dealing with customers with links to prohibited countries. It did not mean that Mr B – or other customers in a similar position – could not open an account.*

*Mr B’s links to his country of birth and previous residence were minimal, but I can see why Metro Bank might feel the need to ask about them. Other customers who are nationals of and / or who were born in a prohibited country might well have closer financial links with that country than Mr B does with his country of birth. That in turn might mean a greater risk to the bank of being involved in prohibited transactions. By asking the questions it did of Mr B, the bank could assess whether he might be involved in such transactions.*

### **Reasons for the account closure**

*Metro Bank accepts that it should not have closed Mr B's account. It told him that the closure was "... based on the Bank's internal deadlines for an account opening." It gave the same explanation to this service. Put another way, the account was closed because the bank's internal checks had not been completed within the time its internal procedures allowed. Most banks have a similar process; that is, if an application is made but not completed within a certain time period, the account opening process will be stopped.*

*In many cases, the account opening process is stopped (and the account closed) because a customer has not provided the information requested. That was not the case here, however. Mr B had provided the information requested – and in fact had done so on more than one occasion. And the bank acknowledges that it should have asked for all the information it needed at the first meeting in January 2023. The "trigger" for completing the EKYC form was apparent at that point, since a UK passport includes information about the holder's place of birth.*

*Metro Bank was responsible for the fact that its own internal deadlines for account opening were exceeded. It did not ask for all the information it needed in a timely manner and, having obtained that information, did not process it as quickly as it should have done. But for that, I think it likely that the account opening would have been completed. In saying that, I note that Mr B subsequently applied successfully for a mortgage with Metro Bank – indicating that his links with his country of birth were sufficiently remote that they did not give rise to any real concerns about sanctions.*

### **Process of closure**

*Metro Bank accepts too that it should have told Mr B that it was closing his account. I agree. And, because it didn't tell him what it done, Mr B was put to further inconvenience because he then had to find out for himself what had happened.*

### **Discrimination issues**

*Mr B says that Metro Bank has unfairly discriminated against him by requiring him to provide additional information because of where he was born. This is, he says, a breach of the Equality Act and of the Payment Accounts Regulations, because he was treated differently from other customers because of his race. In support of his argument, he has pointed out that UK nationals born in the UK do not have to provide the information requested in EKYC form, and neither do people with links to countries which in turn have links to sanctioned regimes. He has also identified a number of countries which are subject to some form of sanctions but in respect of which Metro Bank does not appear to require an EKYC form to be completed.*

*As I have indicated, I have taken into account the legislation which Mr B has cited in deciding what's fair and reasonable in the circumstances of this complaint. But it is not for me to say whether the bank's actions in requiring him (or others in a similar position) to complete the EKYC form breached that legislation. That is a matter for the courts to decide.*

### **Redress**

*I agree with Metro Bank that it should not have closed Mr B's account. And I agree too that it made matters worse by not telling Mr B that it had done so. That caused Mr B distress and inconvenience which, in my view, merits an award of compensation. I am not aware of any additional losses which Mr B has suffered as a result of the bank's actions.*

*I have therefore considered what level of award is appropriate in this case. Metro Bank offered £350, which the investigator thought was reasonable in the circumstances. I agree with that assessment, which is in line with our published guidelines for non-monetary loss. I do however propose to make a formal award in that amount, so that the bank's offer remains open for acceptance and so that Mr B can enforce my award, should that be necessary.*

Metro Bank had nothing to add. Mr B did not however accept my provisional findings. He made further submissions, but to a very large extent they repeated what he had already said. He stressed that he had no issue with having to complete the EKYC form; rather, he thought it unfair that other customers (including some customers with links to sanctioned countries) did not need to do so.

### **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 believe that I have already addressed in my provisional decision the points which Mr B has made. I will however stress that, in determining Mr B's complaint, I must decide what I consider to be fair and reasonable in all the circumstances. To achieve that and to resolve Mr B's individual complaint, I do not believe that I need to make any specific findings about the discrimination points he has raised. For the reasons I have explained, I believe that he was treated unfairly and that he should receive compensation as a result.

### **My final decision**

For these reasons, my final decision is that Metro Bank PLC should, in order to resolve Mr B's complaint in full, pay him £350.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 14 August 2024.

Mike Ingram  
**Ombudsman**