

The complaint

L complains Metro Bank PLC (“Metro”) closed their business account without notifying them and not taking reasonable care in how this was communicated despite having opportunities to do so through different channels. So, L say Metro has failed in its duty of care.

L say Metro’s actions caused them substantive inconvenience, business disruption, financial loss and reputational damage. So, Metro should compensate them for this.

What happened

The details of this complaint are well known by both parties, so I won’t repeat them again here in detail. Instead, I’ll focus on setting out some of the key facts and on giving my reasons for my decision.

In September 2023, Metro say it sent L a letter to their registered business address notifying them that it was closing their account in two months’ time. L say they never received this letter and only discovered what was happening on the day the account was closed. L say Metro should’ve emailed them and/or their business relationship manager should have told them given they had regular contact with them. L add that the business manager themselves said they knew nothing about the closure.

As a result of the closure, L say they suffered the following main adverse consequences:

- Unable to issues invoices and make payments
- Missed payments to HMRC and their Business Bounce back Loan
- Not knowing if they’d be able to pay staff wages, and having to emergency action to maintain vital services such as internet and phones
- Spent two weeks frantically trying to restructure their company so the shareholding and directorship held 50% U.K residency
- The impact to L’s pre and post Christmas trade was catastrophic

L say they found out their account had been closed on 12 December 2023. L say that Metro temporarily reinstated their account around a week later to allow them sufficient opportunity to make alternative banking arrangements.

L say their main complaint points are:

- Metro’s procedures for closing accounts are inadequate. Such an important letter should be sent by recorded or registered post. And it should take adequate steps to ensure it’s been received, and to not have informed their business manager is poor practice

- It took Metro far too long to reverse its decision and grant an extension so that L could make alternative arrangements with their new bank. Metro failed to treat the matter with the urgency it merited
- Having later been told on 13 December 2023 the account would be unblocked, their online access wasn't operative until four days later
- Metro couldn't use the account switching service as it says all the data relating to their regular payments had been cancelled

Metro says it closed L's account as they didn't meet its eligibility criteria for UK residency given one of the directors is living abroad – and because of this it can't meet its legal and regulatory obligations. Metro also say it didn't do anything wrong and gave L the required notice under its terms and conditions.

L referred their complaint to this service. One of our Investigator's looked into it, and they recommended it wasn't upheld. In summary, they made the following key findings:

- Metro is permitted to make a commercial decision in the way it has when closing L's account, and it did so in line with its obligations and terms of account
- Metro has provided evidence to show it sent the closure notification letter to L's registered business address. Metro can't be held responsible for any problems with any mailing issues once it sent the letter
- As they're not upholding the complaint, they won't be awarding any compensation
- It's not this services role to look into the adequacy of a bank's processes and policies

L didn't agree with what our Investigator said. In the main, L made the following key points:

- Metro has a duty of care to ensure its customer has received a closure of account notice. It's unacceptable L didn't send registered post or inform the relationship manager
- Metro doesn't have the right to act irresponsibly despite what its terms and conditions say
- Metro has offered no proof it sent L the notice letter and that it was received

In response, our Investigator said they haven't seen any obligations under which Metro has to send registered post or to communicate through its relationship manager. Generally a bank is required to send letters to confirm what actions it's taking.

As there's no agreement, this complaint has been passed to me to decide.

What I've decided – and why

I'm very aware that I've summarised the events in this complaint in far less detail than the parties and I've done so using my own words. No discourtesy is intended by me in taking this approach. Instead, I've focussed on what I think are the key issues here. Our rules allow me to do this. This simply reflects the informal nature of our service as a free alternative to the courts.

If there's something I've not mentioned, it isn't because I've ignored it. I'm satisfied I don't need to comment on every individual argument to be able to reach what I think is the right outcome. I do stress however that I've considered everything L and Metro have said before reaching my decision.

It's important to note, my decision focuses only on the merits of L's complaint as a separate legal entity to that of any of its directors acting their personal capacity.

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 have decided not to uphold this complaint. I'll explain why.

Account closure

Metro is entitled to close an account just as a customer may close an account with it. But before Metro closes an account, it must do so in a way, which complies with the terms and conditions of the account.

The terms and conditions of the account, which Metro and L had to comply with, say that it could close the account by giving them at least two notice. And in certain circumstances it can close an account immediately or with less notice.

Metro's business account terms say it can stop providing its services if its customer isn't eligible, or no longer eligible, for an account. In a supplementary document it says that if more than one signatory/Director/beneficial owner is associated with the account, at least 50% must reside in the UK.

L say that it tried to meet this threshold given at least one of its directors resided abroad by changing its structure to regain access to their account. Given what I've seen on companies house relating to L's directorship, and as they tried to restructure the company to meet Metro's eligibility criteria, I'm satisfied that at the point Metro decided to close their account, they weren't eligible.

So I'm satisfied Metro acted fairly when deciding to close L's account and that it exercised legitimate and reasonable commercial discretion in doing so. I would expect Metro to give L at least the minimum notice period of two months before closing the account. I note that it appears to have closed the account three months later after it's notice says it would.

That brings me onto the crux of what I see as the crux of L's complaint.

Communication of closure

Metro has sent me a copy of the notice to close letter it says was sent to L. I note a copy has also been forwarded by our Investigator to L. The address on this letter corresponds with L's registered business address both officially on companies house – and what was registered with Metro. I'm satisfied the letter make it sufficiently clear Metro will be closing L's account in two months' time.

L say it didn't receive this letter and that Metro has shown no proof it was sent. Metro has sent me a screenshot of its internal systems. Having carefully reviewed this, I'm persuaded it shows the closure letter was sent to L. I've also not seen any evidence that L was having problems receiving its mail.

These screenshots also show there's no record of an email or other communication being

sent. And that there was no preferred method of contact registered, including to send emails.

L argues Metro has failed in its duty of care by not sending the closure notice in a different format, informing the relationship manager of its decision, and not sending the letter by registered or recorded delivery. But Metro is under no obligation to do any of these things. Banks are generally expected to send important notices by letter, and as L didn't likely tell it to tailor its communication methods, I'm persuaded it hasn't done anything wrong.

I do accept that if L was talking to a Metro manager on a regular basis it sounds practical and prudent for them to have informed L. But I don't think this failing is significant enough given Metro has done what I'd expect it to when sending the letter to L's registered address.

Metro appears to have reinstated the account a week later to help L limit any business disruption. Metro didn't need to do this and by doing so I'm persuaded it has shown adequate flexibility.

L say they couldn't use the account switching service which caused them difficulty when setting up new regular payments with their new bank. I don't think Metro has done anything wrong here given the account had been closed.

After weighing everything up, and as I don't think Metro has done anything wrong, I see no basis to award any compensation to L for financial loss, inconvenience, and loss of reputation.

My final decision

For the reasons above, I have decided not to uphold this complaint.

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

Ketan Nagla
Ombudsman