

The complaint

M complains Metro Bank PLC didn't do enough to protect it when it fell victim to an investment scam.

What happened

M, who is now represented by its' managing director, has an account with Metro Bank.

M says it was approached by a company offering an investment opportunity linked to litigation. M says it believed the investment opportunities to be genuine at the time.

M says it sent payments totalling £128,480 over a period of two days in October 2017 in relation to this opportunity. M says the company that offered the opportunity was struck off five months later. And that in 2019 the law firm handling the litigation to which the investment was linked was shut down by the SRA and subsequently went into liquidation. M says it concluded it had been scammed.

In September 2023 M complained to Metro Bank that it hadn't done enough to protect it when it fell victim to the scam. M said that Metro Bank should have intervened as the payments it had made were unusual and that the scam would have come to light had it done so. M complained to us.

Metro Bank didn't uphold M's complaint. Our investigator didn't either, saying that although the payments were unusual given their size – and given that M had only just opened its account – they were payments to an SRA registered law firm based on documentation that appeared genuine. For those reasons, our investigator didn't think Metro Bank would have reason to be concerned about the payments. And given that the payments were made in 2017 our investigator didn't think it would have made a difference had Metro Bank contacted the receiving bank. So, they didn't recommend that M's complaint be upheld.

M disagreed with our investigator's recommendations saying that the payments were unusual and weren't in line with the business' objectives, so Metro Bank should have intervened. M said that had Metro Bank intervened M's managing director would have spoken to his mother – who M says was pressurised by the scammer into mortgaging her house to raise the funds that were invested. M said that this would have led to the scam being uncovered. Ultimately M asked for a decision from an ombudsman. So, M's complaint was 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.

The events that M is complaining about happened over five years ago and, as a result, there's limited evidence available and M's managing director's recollection isn't great. I have, however, seen correspondence between the parties involved and documentation in relation to the payments complained about. I agree with our investigator – and Metro Bank – that all

of the evidence points to the payments having been made to a genuine business and a genuine investment opportunity. I accept that the SRA had concerns about the firm involved later on – which led to it being struck off and dissolved – but at the time of the payments there were no grounds for concern. I also accept that this investment wasn't necessarily in line with the business' objectives. But I agree with our investigator that Metro Bank's role here wasn't to give M investment advice or necessarily question its actions – Metro Bank's role was to consider whether M was at risk of fraud. Given what I've already said – about the evidence at the time pointing to these payments being made to a genuine business and a genuine investment opportunity – I can't say Metro Bank failed here.

M's managing director has said their mother provided the funding for these payments and was pressurised into doing so. But they've been unable to provide any evidence of their mother being pressurised, and the limited evidence that is available is inconsistent with this. The evidence I've seen, for example, suggests that all of the conversations about investing were between M's managing director and the company that originally promoted the investment rather than the mother.

For the reasons I've given, I agree that this isn't a complaint that I should be upholding.

My final decision

My final decision is that I'm not upholding this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask M to accept or reject my decision before 4 September 2024.

Nicolas Atkinson
Ombudsman