

The complaint

Mr S complains about how Metro Bank PLC dealt with his direct debit indemnity claim. He's also unhappy with the service he received from branch staff.

What happened

Mr S holds a current account with Metro Bank PLC (Metro). On 19 August 2024 he exchanged and completed on a property he was selling. The following day over £520 debited his Metro account. This payment was taken by the company he'd held a mortgage with, which I'll refer to as "B". And, on 21 August 2024, a payment of just under £200 debited his Metro account after this payment was collected by a company, which I'll call "C". This company had been collecting monthly payments for service charge from Mr S' Metro account during the time he'd owned his property.

Because Mr S' property had exchanged and completed days before the payments were collected by B and C, he said he didn't have an opportunity to cancel the direct debits to these companies. He said he spoke with B and C who both suggested he should ask Metro for a refund of the payments taken via a direct debit indemnity claim. So, on 21 August 2024, he attended a Metro branch to ask it to raise a claim to recall both payments made to B and C on his behalf.

Mr S said the service he experienced during his branch visit was poor. He reported that branch staff were disinterested and obstructive. He said they refused to assist him with an indemnity claim and incorrectly informed him that he wasn't entitled to an immediate refund of the payments made to B and C. He also said he was assured he'd receive a telephone call from Metro following his visit to the branch to discuss his direct debit indemnity claim. But he said no one contacted him.

Mr S complained to Metro about what had happened. He wanted it to refund the payments he'd made to B and C and pay compensation to recognise the distress and inconvenience he'd experienced in trying to raise an indemnity claim.

Metro investigated Mr S' concerns and issued a final response to his complaint on 7 October 2024. However, by this time, Mr S had already complained to our service. In its complaint response, Metro explained that a direct debit indemnity claim had been raised in branch on 21 August 2024 and that Mr S had been correctly advised that an immediate refund of the funds taken by B and C wasn't possible.

Metro told Mr S it wasn't going to refund the money collected by B and C on 20 and 21 August 2024 respectively because its direct debit indemnity team had reviewed the claim and rejected it. Metro informed him it was satisfied the indemnity claim had been correctly declined and he'd need to ask B and C for a refund.

While Metro didn't uphold Mr S' complaint about outcome of the direct debit indemnity claim, it acknowledged that there'd been poor service delivered in branch during his visit on 21 August 2024. It recognised that staff hadn't met the standards of professionalism Metro would expect and apologised for that. Metro explained that feedback had been provided to

staff involved and offered to pay Mr S £50 in compensation for the distress and inconvenience he'd been caused.

As Mr S had already referred his complaint when the final response letter was issued by Metro, our investigator assessed the merits of his complaint. And, during their investigation, Metro increased its compensation offer from £50 to £100. But Mr S rejected that offer.

Our investigator didn't recommend upholding Mr S' complaint. Overall, they didn't think Metro had acted unreasonably in declining Mr S' indemnity claim; they weren't persuaded his claim met the eligibility criteria under the direct debit guarantee. And they thought the compensation offered by Metro in recognition of the poor service Mr S had received in branch was fair and reasonable. So, they didn't think Metro needed to do anymore to resolve Mr S' complaint. But Mr S disagreed and asked an ombudsman to decide his complaint.

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.

Where the information I've got is incomplete, unclear or contradictory, as some of it is here, I must base my decision on the balance of probabilities. I'd like to thank Mr S and Metro for the level of detail contained within their submissions. I've read and considered all the information provided. If I haven't specifically referred to a point that Mr S or Metro have made it isn't because I haven't considered it. My decision will focus on what I think are the key issues, which is an approach that reflects the informal nature of this service.

This service is an informal dispute resolution service. When considering what's fair and reasonable, I'm required to take into account a number of matters, which include relevant law and regulations, regulators' rules, guidance and standards, codes of practice, the terms and conditions of any insurance policy and, where appropriate, what I consider to have been good industry practice at the relevant time. I'm not limited to the position a court might reach.

I'm sorry to hear about the difficulties Mr S experienced here. I know he feels strongly about this matter and I appreciate the reasons he brought his complaint to our service. While I sympathise with Mr S, the issue that I must determine is whether Metro made a mistake, or treated him unfairly, such that it needs to now put things right. And, having thought carefully about everything, I've reached the same conclusions our investigator reached about this complaint. I appreciate Mr S will be disappointed by this outcome. But I hope he can understand the reasons behind my decision.

The first part of Mr S' complaint is about how Metro handled his direct debit indemnity claim. So, I've carefully assessed whether it acted fairly and reasonably in declining the claim.

A large amount of money debited Mr S' Metro account on 20 and 21 August 2024. But that wasn't caused by anything Metro did wrong. I say this because a direct debit is a "pull" payment. So, in setting up a direct debit with B and C Mr S gave authority to Metro to allow these payments to be made.

I recognise that Mr S only had a short period of time between completing on the sale of his property and B and C collecting payments from his Metro account in August 2024. But, because Mr S hadn't cancelled his direct debits with B and C by 20 and 21 August 2024, Metro had no reason to question the requests that were presented to it by B and C on those dates.

Once Mr S told Metro that he felt the funds had left his account in error it had a duty to assist him with his direct debit indemnity claim. While I understand he was under the impression that Metro had refused to assist him with an indemnity claim during his branch visit on 21 August 2024, I've seen evidence demonstrating that a claim was initiated by Metro before he'd left the branch. So, I'm persuaded branch staff assisted with this.

I can see that Mr S questioned the correctness of branch staff telling him that the money taken by B and C wouldn't be immediately refunded. But I'm satisfied that those assisting Mr S in branch were correct in informing him that he wouldn't be entitled to an immediate refund. I say this because Metro's processes mean that after a direct debit indemnity claim is initiated, the decision to refund a customer is made by the direct debit indemnity team. This department has a 24 hour timescale within which to review the claim. If that claim is accepted by the direct debit indemnity team the funds are then refunded to the customer's account. This is why an immediate refund isn't possible here.

Here, Metro's explained that the direct debit indemnity claim was rejected because Mr S hadn't cancelled the direct debits before B and C collected the funds on 20 and 21 August 2024. It says the direct debits in questions were cancelled by branch staff, at Mr S' request, during his visit on 21 August 2024. And it explained that, because the direct debits hadn't been cancelled with B and C, this isn't something that's covered by the direct debit guarantee. So, the eligibility criteria for an indemnity claim hasn't been met.

I know Mr S disagrees with Metro's rationale for declining his claim but it may help if I explain more about what the indemnity claim covers. As Metro and our investigator explained to Mr S, there are limits on what the direct debit guarantee covers as its primary purpose of the guarantee is to ensure the correct amounts are collected on the correct dates.

The direct debit guarantee makes sure that customers have protection for when things go wrong, and when unauthorised payments are taken from their accounts. Put simply, it's a way of claiming back unauthorised payments in certain specified circumstances such as where a company has not given advance notice regarding a change of amount or date, taken a payment earlier than the agreed date, taken an incorrect amount or taken a payment in error.

The direct debit guarantee can't be used to address contractual or legal disputes between the consumer and the originator i.e., the company taking the payment and nor does it affect the contract the customer has with the merchant. So whatever refund a customer may receive under the guarantee doesn't mean they won't still be liable for that money to the merchant. This is explained on the direct debit scheme's website which says:

"What the guarantee doesn't do is affect the contract you have with a biller. For example, if you make a monthly payment for a mobile phone, and the biller takes the wrong amount, you can claim that money back but you will still owe the biller for the calls you've made and the data you've used, or for the amount you agreed to pay."

Here, Mr S appears to accept that the payments taken by B and C were claimed on the usual date of collection for the usual monthly amount. However, he asserts that B and C weren't legally entitled to collect funds from his Metro account due to his property sale completing days earlier. He contends that this falls within the criteria of a company taking a payment in error, which he asserts is covered by the direct debit guarantee. But I'm satisfied this could properly be considered a contractual or legal dispute between Mr S and B and C instead. As such, I think Metro was correct in identifying that the direct debit indemnity criteria wasn't met here.

Overall, I'm satisfied Metro followed the relevant rules. Based on what I've seen, it tried to help Mr S with his direct debit indemnity request. And I'm pleased to see that, after branch staff cancelled the direct debits to B and C on Mr S' behalf on 21 August 2024, no further payments have been taken from his account.

I appreciate that Mr S may disagree with me, but I'm satisfied Metro correctly declined his direct debit indemnity claim. I can see Metro and our investigator has signposted Mr S to B and C to pursue a refund of the funds taken in August 2024. I think this was sensible guidance.

The second part of Mr S's complaint is about his concerns regarding the professionalism and behaviour of branch staff on 21 August 2024. So, I'll address this issue next.

I'm pleased to see that Metro accepted in its final response letter that the service delivered by staff during Mr S' visit to the branch on 21 August 2024 fell below the standard expected. It initially offered to pay Mr S £50 in compensation to reflect the trouble and upset he was caused by what happened. However, it's now agreed to increase that compensation offer to £100 in total. I understand that Mr S is unhappy with the level of compensation offered by Metro. So, I've considered whether it's fair and reasonable.

I can appreciate the distress and frustration Mr S is bound to have felt because of the poor service he received. He was concerned that a large sum of money had debited his account and wanted Metro to assist him in reclaiming those funds. It's clear he received poor service when asking for help in branch and for that an award of compensation is warranted here. However, we aren't here to punish businesses and, to put things right, I'd have asked Metro to apologise for what happened, which it's already done. I'd also have directed Metro to pay compensation to Mr S that's commensurate with the circumstances.

Having taken everything into account, I'm satisfied that the compensation offered by Metro is in line with awards made by our service in comparable circumstances. It's what I would have directed it pay had no offer been made. I'm sorry to disappoint Mr S but haven't seen enough evidence to persuade me that a higher award is warranted here. So, I'm not going to require Metro to increase the compensation it offered Mr S to resolve the poor service he received in branch. However, because Metro's offer to compensate Mr S £100 was made after he referred his complaint to our service, this is a change in outcome. For this reason, I'm upholding his complaint in part. If Metro hasn't already done so, it should pay Mr S £100 in compensation to resolve this complaint.

I realise Mr S will be disappointed with this decision. But this now brings to an end what we, in trying to resolve his dispute with Metro, can do for him. I'm sorry we can't help Mr S any further with this.

My final decision

My final decision is that I uphold this complaint in part. Metro Bank Plc should pay Mr S £100 in compensation to resolve his complaint about poor service in branch if it hasn't already done so. However, other than that, it need take no further action.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 12 February 2025.

Julie Mitchell
Ombudsman