

The complaint

Ms S complains that Metro Bank PLC ('Metro') won't reimburse a payment she made from her bank account.

What happened

Ms S says that her son found a modelling agency online – I'll refer to the agency as 'M'. Ms S and her son met with M and discussed the options available, then chose a package and made an initial payment of £100 from one of Ms S' accounts with another bank.

Ms S' son signed a contract with M on 20 February 2023. On 16 March 2023, Ms S paid a further £900 to M from her Metro account. The contract Ms S' son signed sets out that this payment was to cover the cost of his photoshoot, and it was refundable at the end of the contract term (subject to certain rules being followed). The evidence I've seen suggests that the photoshoot take place on 18 March 2023.

Ms S says she was told that the agency would guarantee to find work for her son.

In July 2023, M got in touch with Ms S' son to apologise for a lack of communication and explained that they were trying to improve this. M also asked for a CV and image to help identify types of modelling job that would be suitable. Ms S says that after sending the requested information, her son didn't receive any further communication and calls were left unreturned. In September 2023, Ms S got in touch with M having been disappointed with the lack of jobs and other services that had been expected. Ms S says that her son wasn't given the training, coaching, photos/portfolio and guaranteed work that was promised. Ms S asked for the deposit to be refunded. M replied several times giving reasons why the deposit wouldn't be refunded at that time – including an explanation that it would be paid after the contract ended and if all the terms had been met. M also explained how the director of M was the only one who could authorise refunds and that they had been ill.

After the contract ended, Ms S still didn't receive a refund and didn't receive further replies from M after being asked to bear with the company while they tried to sort out the problem. Ms S raised a fraud claim with Metro in April 2024. Metro declined to reimburse Ms S under the Lending Standards Board's Contingent Reimbursement Model ('CRM Code'). It said that Ms S has not been defrauded here. She's made a payment to a genuine business and received the service paid for. So, this matter is a civil dispute between Ms S and M.

Ms S referred a complaint to this Service which our investigator considered but didn't uphold. In summary, he said that there wasn't enough evidence to say a scam had happened. As such, the matter is a civil dispute between Ms S and M, and Metro is not responsible for refunding the disputed payment.

Ms S didn't agree with what our investigator said. She said that M has operated under different names at the same premises, and that the person she was in contact with at M uses different names and made promises to contact her but didn't. Ms S also pointed out many negative reviews about M online and couldn't agree that this wasn't a scam.

The complaint has now been passed to me to decide.

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.

In deciding what's fair and reasonable, I'm required to take into account relevant law and regulations; regulator's rules, guidance and standards; codes of practice; and, where appropriate, what I consider to have been good industry practice at the time.

In broad terms, the starting position at law is that a firm is expected to process payments and withdrawals that its customer authorises, in accordance with the Payment Services Regulations and the terms and conditions of the customer's account.

When Metro processed the disputed payment, it was complying with Ms S' instruction. At the time, Ms S wanted to pay M and there was no mistake made as the money was sent to the correct account details. As I don't think Metro acted incorrectly by making the payment, I've gone on to consider whether the bank should have refunded Ms S for any other reasons, but I don't think it should have.

Metro was signed up to the CRM code, and it was in force when the disputed payment was made. Under the CRM Code, the starting principle is that a firm should reimburse a customer who has been the victim of an Authorised Push Payment ('APP') scam. But the CRM Code is quite explicit that it doesn't apply to all APP's. It says:

"DS2(2) This code does not apply to:

(b) private civil disputes, such as where a Customer has paid a legitimate supplier for goods, services, or digital content but has not received them, they are defective in some way, or the Customer is otherwise dissatisfied with the supplier."

I understand why Ms S feels she has been scammed, but from what I've seen, I don't think I can fairly say that the situation Ms S finds herself in is a scam. I think the disputed payment forms part of a civil dispute between Ms S and M. I say this because M has been running since 2016 and appears to still be running now. Ms S' son had found M online and seen information about M, which is what led to the contact with them. Ms S and her son also attended the premises to meet with M and look at the options available – so were able to meet representatives of M in person and see their office/studio.

I haven't seen evidence of what was discussed between Ms S, her son and M. But a contract was signed by Ms S' son and having reviewed the terms of it, there's nothing that suggests that jobs would be guaranteed. There's also nothing in the contract that confirms what (if any) training or coaching would be provided, or that photographs or a portfolio would be given to Ms S' son after the photoshoot. Further, it appears that Ms S' son did have photographs taken – which is what the contract says the deposit payment was for – so the service paid for was provided. I haven't seen any evidence to suggest that Ms S' payment was for any other purpose.

I accept that the contract does allow for the deposit to be refunded and this doesn't appear to have happened. But the refund was dependant on meeting several conditions and wouldn't have been refundable until the contract ended. Ms S had expressed her dissatisfaction to M and asked for the refund around six months into the contract. While I don't disbelieve that M didn't provide any job opportunities to her son, I'm also not in a position to say whether or not Ms S' son met all the conditions of the contract to be eligible

for the refund of the deposit – though I accept this was never a reason given by M why the deposit wouldn't be refunded.

When the claim was reported to Metro, it reached out to the bank that received Ms S' payment. The receiving bank reviewed the activity on the account and told Metro it appeared to be in line with the nature of M's business.

I accept that there are several limited companies with slightly different names that appear to be linked to M, some of which aren't trading anymore. I also accept there are negative reviews online about M. But I don't agree that this evidences that a scam has taken place.

I'm persuaded that the available evidence shows Ms S paid a legitimate business for a service which wasn't provided as fully as Ms S and her son expected. But I haven't seen any convincing evidence that M obtained Ms S' money without any intention of carrying out the required service. I think it's most likely that M did carry out what was paid for, a photoshoot, and most likely intended to provide the service agreed under the contract when the disputed payment was made. As such, I'm not satisfied that Ms S has been the victim of an APP scam and I don't think Metro is responsible for reimbursing Ms S because of any obligation under the CRM Code.

Ms S and her son have my sympathies and I understand how upsetting and disappointing the whole matter has been. But overall, I don't think there's been a banking error in terms of the disputed payment. I can't see any fair or reasonable grounds on which I could say that Metro should bear the responsibility of Ms S' loss.

My final decision

For the reasons I've explained, my final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms S to accept or reject my decision before 29 May 2025.

Kyley Hanson
Ombudsman