

The complaint

M, a limited company, has complained Metro Bank PLC did nothing to identify and stop fraudulent payments being made to one of their customer's accounts.

What happened

M operates as a small business and holds an account with a bank that I'll refer to as H.

In November 2023, the company accountant, Mrs K, was in email correspondence supposedly with one of their regular suppliers about overdue invoice payments. They'd been sent revised account details and were unable to get the payment of about £75,000 made. Mrs K made an initial payment of £1 on 3 November. After H flagged an attempted payment, Mrs K split the remaining payment owed into two and these were made on 6 November. Although H initially reviewed these payments, they were sent to an account at Metro.

On 17 November Mrs K noticed an issue with her sent emails and asked her IT support to look into this. It was confirmed that M had been the victim of a scam and at least two different suppliers' emails had been cloned and used to send fake account details to M.

M had sent three payments to Metro totalling £74,407.42. They complained to H and asked them to refund them for payments sent to Metro, along with other payments sent to another recipient bank. H said they did what was required of them and alerted Metro to the fraud.

M lodged a complaint against Metro as a recipient bank and asked them to refund the money they'd lost. Metro didn't think they'd done anything wrong.

M didn't accept this and asked the ombudsman service to pursue their complaint.

Our investigator reviewed the evidence Metro provided about their customer who had received M's money fraudulently. She felt Metro had missed an opportunity to identify these payments as fraudulent and raise questions with their customer. She also considered that M had to bear part of the cost of what had happened as they'd been aware there was no account name and number match when the payments were made. She asked Metro to reimburse half of M's losses.

After consideration, M accepted this outcome. Metro didn't agree with this although no explanation was provided why this was their view.

This complaint has been referred to an ombudsman.

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.

Having done so I've reached the same outcome as our investigator. I'll explain why.

Where there is a dispute about what happened, I have based my decision on the balance of probabilities. In other words, on what I consider is most likely to have happened in the light of the evidence.

When considering what is fair and reasonable, I'm required to take into account: relevant law and regulations; regulators' rules, guidance and standards; codes of practice; and, where appropriate, what I consider to have been good industry practice at the relevant time.

To help me come to a decision, I've reviewed the evidence provided by M explaining the process whereby they received an invoice and email purported to be from one of their regular suppliers. I should confirm that M was the victim of a sophisticated scam, and it would have been difficult for them to identify that a scam was happening.

That said there was one red flag which I feel they dismissed. That was when they didn't get a confirmation of payee match to account details provided. I appreciate Mrs K sent a tester payment of £1 only. Ironically Mrs K discussed this verbally with the genuine supplier but didn't take the chance to confirm the account details at the same time.

I've also had the benefit of Metro's evidence showing how their customer set up their account and what they knew about that customer's account behaviour. Their customer had held a personal account for a couple of years prior to 2023 but had also set up a business account with Metro in July 2023 which is where these payments were sent.

I believe Metro should have been able to identify and stop the two payments received by their customer on 6 November 2023 totalling £74,406.42. I say this because:

- When the account was set up, annual business turnover was estimated to be £100,000. Usage of this account until November had been low-value with barely any funds left in the account on a daily basis and no credit being made of more than £1,000. There's no evidence of any real economic activity.
- An initial payment of £1 credited this business account on 3 November. Metro would have been able to see there was no match for the account name, and these funds were destined for a business that wasn't the name of their customer's account.
- Further payments from the same payer credited this account three days later. These two payments totalled nearly £75,000. There then followed a series of immediate transfers and expenditure which clearly resembled fraudulent behaviour.
- I've also reviewed this customer's personal account and what Metro knew of this individual. There had been no fraud claims on the personal account. Metro would have known, however, that about this individual's status within the UK and the business they were permitted to undertake. I can see no evidence that Metro asked any further questions when they were setting up this business account on his behalf.

Whilst it is not our service's role to tell banks how to manage fraud claims, it is clear here that if Metro's processes had been as could be expected, then the funds would have been identified and stopped in time to avoid them being spent.

That said, I have taken into account the role that M's own actions played here in deciding what proportion of the money M lost that Metro should repay.

Putting things right

Based on what I've stated above, Metro will need to repay half the money M sent, along with

8% simple interest from the date of the payments to the date of settlement.

My final decision

For the reasons given, my final decision is to instruct Metro Bank PLC to:

- Refund £37,203.71 to M; and
- Add 8% simple interest from 6 November 2023 to the date of settlement.

Under the rules of the Financial Ombudsman Service, I'm required to ask M to accept or reject my decision before 21 November 2025.

Sandra Quinn
Ombudsman