

The complaint

K complain Metro Bank PLC ("Metro") restricted their account when receiving an international payment which referenced an incorrect beneficiary name. And that Metro failed to remove the blocks after K had provided enough information to show the payment was legitimate and intended for them.

K say that Metro's delay caused them substantive financial loss, inconvenience, and reputational loss. To put things right, K want Metro to compensate them.

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.

On 11 November 2024, Metro froze K's account due to a payment potentially being fraudulent. K was a relatively new hotel business and had only just started to take bookings. The payment K received was referenced incorrectly for what appears to be the property's and/or hotel's previous name. This alerted Metro's systems. Subsequently, K's account was blocked for review.

Metro carried out an investigation and asked K for information to show their entitlement to the payment. K, through its director, expediently provided information which included emails between them and the remitting client, an invoice for the payment, and an official land transfer form (TR1) to show they had bought the property which had been wrongly referenced by their client.

Metro didn't unblock K's account and only did so some 38 days later. Metro say it had to carry out further enquiries and needed a response from the sending bank that the payment was legitimate. K argue that was an unreasonable delay and so Metro has failed to act fairly and with due care.

K say it's difficult to quantify their revenue loss as it couldn't trade without an account and take any forward bookings until this was resolved. K say their revenue losses would be over £30,000 – based on the affected booking period and their cost per room.

Unhappy K complained. Metro didn't uphold K's complaint. In short, Metro said that it was acting in line with the account terms and conditions. K referred their complaint to this service. One of our Investigator's looked into K's complaint, and they recommended it wasn't upheld. In summary, the key points they made were:

- Metro acted reasonably when restricting the account and asking for further information from the remitting bank before removing the restriction - and did so in line with the terms and conditions
- Metro chased the remitting bank every eight days for a response after sending its initial request which shows it acted reasonably and without delay

K didn't agree with what our Investigator said. In short, the key points K made were:

- Metro's efforts to contact the remitting bank were not sufficient. And this service should provide the evidence relied on to show Metro did so
- K strongly suspect that Metro failed to make diligent efforts in contacting the remitting bank. Metro's explanations lack coherence and transparency. K also pointed to the Financial Conduct Authority's (FCA) principles including that which says a regulated firm must treat its customers fairly

Metro didn't agree that the technical information it had provided this service could be shared with K. Metro said that the information is part of its internal procedures demonstrating its processes - including how it contacts third party banks. And that Metro doesn't have the authority to disclose conversations with third party banks.

Based on this, our Investigator explained that they were unable to share the document this service had received from Metro showing the SWIFT (Society for Worldwide Interbank Financial Telecommunication) messages as they contained commercially sensitive information.

K argue that Metro had enough information from them, which amongst other things proved their ownership of the property which was referenced - albeit in its former name. And so, Metro acted unfairly in waiting for a response from the remitting bank.

As there was no agreement, this complaint was passed to me to decide. After reviewing all the available evidence, I asked both parties for more information. I note K ask why I needed information of other limited companies their director has a vested interest. That's because depending on the nature of those businesses they may be deemed as being in an adjacent industry – and if so, should be viewed cumulatively with K to determine its size and therein whether they are eligible complainants.

I'd like to thank K for sending this information which has helped me determine that this is a complaint this service can consider.

As both parties have sent me the information I requested, I will now decide this complaint.

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 K and Metro have said before reaching my decision.

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.

Metro has important legal and regulatory obligations it must meet when processing payment

instructions for its customers, which includes ensuring no UK or other relevant international laws and regulations might be breached. Those obligations include protecting its customers and itself from financial harm. Such obligations are generally overriding in terms of otherwise meeting general timeframes for processing payments. And this is the same for every bank. This does mean that sometimes accounts are justifiably restricting pending investigation.

Metro received a payment into K's account from an international remitter. There's no dispute here that the sender used an erroneous reference – that is, the hotel's previous name. Given how new K's account was, the payment being international, and the propensity for this being related to a scam given how common such scams have become, I'm satisfied Metro acted fairly in blocking the account and asking for more information about the legitimacy of the payment.

That brings me onto what I see as the key issue in this complaint, that is whether Metro should've acted differently by unlocking the account soon after K provided the information to show entitlement to the payment. I've given this matter considerable thought, and after carefully weighing things up, I'm persuaded Metro didn't do anything wrong in waiting for a response from the remitting bank before unrestricting the account.

I say this because of the same reasons above; that is, there was enough risk, and reason to be suspicious, the nature of the payment to a new business could've have been fraudulent. So, it was important that the sending bank confirmed this wasn't the case after speaking to its customer. As I've alluded to, Metro has a responsibility to protect its customers, and itself, from suffering financial harm. So, I don't think what it did here was unfair.

Metro should however act with proportionate urgency, particularly given the regular communication from K about the importance of this being resolved quickly. Metro has sent me its internal technical data which includes the SWIFT messages. I'm satisfied that this doesn't need to be sent to K for the reasons Metro have given.

I should add too that our rules allow us to receive evidence in confidence. We may treat evidence from banks as confidential for a number of reasons – for example, if it contains security information, or commercially sensitive information. Some of the information Metro has provided is information I consider should be kept confidential.

Having reviewed this information, I note Metro regularly chased the remitting bank for a response which it only received proximate to when it unrestricted the account. So I don't think Metro has done anything wrong, nor should it be held liable for any delays another bank may have caused.

I don't undervalue the losses and inconvenience K say they have sustained. But as Metro hasn't done anything wrong here, I see no basis in which to award any compensation.

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 K to accept or reject my decision before 24 October 2025.

Ketan Nagla
Ombudsman