

The complaint

Mr S complains that Metro Bank PLC failed in its duty to protect him when he fell victim to an investment scam. He wants the money he lost refunded along with 8% interest and compensation for the upset he has been caused.

Mr S is represented by a third party but for ease of reference I have referred to Mr S throughout this decision.

What happened

Mr S explained that he had been a customer of Metro Bank for around five years. He said he was looking for investment opportunities and came across a website which he believed to be a genuine financial institution that was recommending investment platforms. However, he later discovered the website wasn't genuine. One of the service providers endorsed by the website claimed to provide account managers to assist with trades and Mr S said this suited his needs. He said he found no negative information about the service provider online and so he made contact. Mr S was then contacted by someone who he said sounded professional and knowledgeable.

Mr S made an initial transfer of £1,000 on 24 July 2023. He said that the scammer kept in touch with him showing him how his investment had increased. He then made a second transfer of £9,999 on 8 August 2023. A few weeks later the communication stopped and at this point he realised he had been the victim of a scam. He said he was vulnerable to the scam given his age and lack of digital skills. He said the scam has had a devastating impact on his life. As well as losing his savings he suffered sleepless nights and extreme anxiety about being scammed again.

Mr S contacted Metro Bank and was told it would investigate his case.

Metro Bank said that Mr S contacted it about the scam in October 2023. It said that it chased the payments and Mr S explained they were made to an account in his own name. It said that Mr S would need to contact the receiving bank, and that this complaint was out of its scope.

Mr S wasn't satisfied with Metro Bank's response and referred his complaint to this service.

Our investigator noted that Mr S made two payments to an account and that he received one credit. He noted that Mr S had authorised the payments but also that Metro Bank needed to have systems in place to look out for out of character or unusual transactions, or other signs that might indicate that its customers were at risk of fraud. In this case, our investigator thought that Metro Bank should have been concerned about the second payment for £9,999. He said this was unusually large and uncharacteristic for Mr S's spending habits. Because of this he thought there should have been a human intervention before payment two was released. He thought that had this happened, the scam would have been identified and this payment stopped.

Our investigator considered what a fair outcome would be and thought that the liability for

payment two should be split between Mr S and Metro Bank, with each being liable for 50%. Therefore, he recommended that Mr S be refunded 50% of the £9,999 payment less the credit Mr S had received and that this be subject to 8% interest. He noted the trouble and upset Mr S had been caused but also that this was due to the scam rather than Metro Bank. Therefore, he didn't think compensation additional to the refund was required in this case.

Metro Bank didn't agree with our investigator's view. It said the payment made from the Metro Bank account was to an account in Mr S's name and that Mr S should pursue a claim with the receiving bank.

As a resolution hasn't been agreed, this complaint has been passed to me, an ombudsman, to issue a decision.

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.

When making a decision I take all relevant rules, regulations and guidance into consideration and my decision is based on what I consider to be fair and reasonable given the unique circumstances of the complaint.

Mr S authorised two payments from his Metro Bank account to an account in his name with a specialist electronic money institution (EMI). He also received a credit into his Metro Bank account.

Payment	Date	Type	Amount
1	24 July 2023	Faster payment	£1,000
2	08 August 2023	Faster payment	£9,999
3 (credit)	16 August 2023	Receipt	-£704.98
Total loss			£10,294.02

Mr S authorised the payments and under the Payment Service Regulations 2017, the starting point is that he is liable for the payments he authorised. However, Metro Bank should have systems in place to look out for out of character or unusual transactions, or other signs that might indicate that its customers are at risk of fraud. Mr S made the payments to an account held in his name and the payments aren't caught by the Contingent Reimbursement Model.

Mr S was an existing customer of Metro Bank and so Metro Bank had information about his usual banking activity. Having looked through Mr S's account for the months leading up to the first disputed payment, this shows Mr S making relatively small cash withdrawals and card payments for everyday costs. His account was in credit. He transferred £1,000 into his account from another account in his name on 18 July 2023 to fund his payment on 24 July 2023. The payment on 24 July 2023, was to a new account set up in Mr S's name with an EMI.

The first disputed payment was for £1,000 and I do not think this was high enough to say that Metro Bank was required to intervene. The payment was to an account in Mr S's name

with an EMI and I do not think there is enough to say that Metro Bank should have been concerned at this point that Mr S was exposed to financial harm.

The second payment was made around two weeks later. It was again funded by a transfer into Mr S's Metro Bank account from another account in his name. The second payment was for a much larger amount, £9,999. While I can't say that a pattern of payments had emerged by this time, noting Mr S's usual account usage and the size of the payment I think this should have alerted Metro Bank to concerns that Mr S may be at risk of financial harm. So, I think it should have intervened at this stage and given the size of the transaction I think human intervention would have been appropriate.

I note Metro Bank's comment that the payments were going to Mr S's own account (and so appeared to be going somewhere safe and within his control) but I think that given when this scam happened, Metro Bank should have had a good enough understanding of how these scams work, including that a customer often moves money to another account in their own name before moving it on again to the scammer. Therefore, I think it should have identified, at the time of the second payment that Mr S was at risk of harm from fraud.

Mr S said he wasn't a sophisticated investor, and I understand he had previously been a victim of a scam. While Mr S carried out some due diligence on the investment it appears he took comfort from the professional nature and knowledge of the scammer that contacted him. Given this, I think that had Mr S been contacted by Metro Bank and been asked questions about the payment he was making and been warned of the risk of scams, he would have taken this information on board and likely not continued with the payment. Therefore, on balance, I think that human intervention should have happened at payment two and had this happened, the payment would have been stopped.

I have then considered what a fair outcome is to this complaint. While I think there were actions that Metro Bank should have taken to protect Mr S's money, I also think that Mr S could have done more to identify the risk of his payment. While Mr S has said he researched the company he believed to be investing in, there appears to be no notable online presence for the company. I think this should have raised concerns and he could have sought more information about this which may have alerted him to the investment not being genuine. Given this, I think that the liability for the payment should be split 50/50.

Mr S has said that he should be paid compensation for the upset that has been caused. I do not underestimate the financial and emotional impact this scam has had on Mr S, but this was the result of the scammers actions, not Metro Bank's. While I think Metro Bank could have done more, I find the refund of the payment (less the credit Mr S received and a 50% reduction for Mr S's liability) is a fair resolution and I do not require it to pay additional compensation.

Putting things right

In order to put things right, Metro Bank should:

- Refund Mr S payment two (£9,999) Metro Bank can deduct the credit received by Mr S and apply a 50% deduction to the remaining amount for contributory negligence.
- Apply 8% simple interest* on this amount (for the time Mr S has been deprived of these funds), from the date the payments were made until the date the complaint is settled.

*If Metro Bank deducts tax in relation to the interest element of this award it should provide Mr S with the appropriate tax deduction certificate.

My final decision

My final decision is that Metro Bank PLC should take the actions set out above in resolution of this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 16 July 2025.

Jane Archer
Ombudsman