

The complaint

M complain Metro Bank PLC ("Metro") closed their account without explanation and have caused significant avoidable delay in returning their funds due to errors on its part. M's director, Mr A, says he borrowed funds from a friend to fly to the UK and to pay for cargo. M are also unhappy that Metro provided poor customer service.

To put things right, M want their funds returned, interest paid for being deprived access to them, all costs they've incurred refunded including travelling costs, and compensation for the distress and inconvenience caused.

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.

In early 2023, following a review, Metro notified M that it had decided to close their account and would do so in seven days' time. M say they only knew about this letter around October 2023 whilst Mr A was abroad. Mr A says he then called Metro to transfer the funds to their account with another bank. But as Metro didn't do this Mr A travelled from overseas and attended a Metro branch in early 2024 to complain. M say they had to borrow money from a friend for around £314 for airfare and £300 for a cargo shipment.

In branch, Mr A says he was told to complete a funds transfer form with his external bank details. But after two weeks, as the funds hadn't been received, Mr A went back to branch and says he was told the transfer didn't go through as the beneficiary's name didn't match with that at the receiving bank.

M say they explained the bank statement they provided for M's external bank showed the correct details and the form was completed by Metro's branch staff. Mr A on behalf of M completed another form, but the funds were still not transferred. Mr A says he was ignored in branch. Unhappy, M complained. Mr A says he completed the funds transfer form on two more occasions in March 2024.

Mr A says he then had to travel abroad again. But was emailed in April 2024 by Metro asking for a telephone number to call him on. Metro also sent M its final response letter in April 2024 in which it didn't uphold their complaint. In summary, Metro made the following key points:

- Its branch staff confirmed the funds transfer form was incorrectly completed as the name Mr A put down didn't match the name on the bank statement he provided. And the branch was unable to contact M as the number it held wasn't working as it was an international one.
- As M had provided an Iranian number, Metro couldn't contact them due to its policy and government guidelines. So, Metro recommend Mr A visits its branches when in the UK.
- All its staff were busy in branch in February 2024 when Mr A visited. Mr A was asked

not to film whilst in store and Metro doesn't agree the customer service he received was below the standard it expects.

- To receive their funds of around £3,270, M will need to visit a Metro branch with an updated bank statement dated within the last three months.
- M's account facilities came to Metro's attention in June 2023 following routine checks where it discovered there was adverse data recorded against them. After considering this, Metro decided to close the account in the way it did and did so in line with the terms and conditions.

M referred their complaint to this service. Metro added that:

- As M didn't withdraw their funds within the seven-day notice period, they were held in a suspense account in June 2023.
- There's no evidence of its staff disconnecting on any calls, or of unhelpful service being provided.
- M were informed they would get their funds within three working days after completing the paperwork. But this didn't happen as Mr A didn't complete the form correctly as the branch couldn't contact M as the contact details were incorrect, and/or M were unresponsive.

One of our Investigator's looked into M's complaint, and they recommended it wasn't upheld. In summary, they found:

- Metro is entitled to make commercial decisions to close accounts provided it's been done in line with the terms and conditions.
- The information M provided on the funds transfer form was incorrect, so Metro can't be held responsible for this.
- Metro say M needs to visit its branches with a recent bank statement to get the funds released. This isn't unreasonable.

M disagreed with what our Investigator said. They added that Metro had already accepted some fault, so to say it had done nothing wrong was an unfair outcome. Some of the key points M made, that they hadn't previously, were:

- The funds transfer form was filled out by the branch staff, who also confirmed to Mr A it was completed correctly.
- Mr A had confirmed Metro had the correct UK mobile number in branch in early 2024, and the international number wasn't Iranian but of Yemen. And Metro's assertion that M had an international number when Mr A was in the UK is incorrect and misleading.
- M were later offered their funds by cheque. M question why this option wasn't presented to them at the offset.
- M have the right to know the exact reason their account was closed, not just that Metro had discovered adverse data recorded against them.
- Metro should also pay M a further £490 for the interest they incurred and late fees on a loan. Apologise to M for the distress and inconvenience its caused.

M informed this service in September 2024 that they had received a cheque from Metro for their funds. Our Investigator, for the same reasons as before, felt Metro hadn't done anything wrong.

As there was no agreement, this complaint was passed to me to decide. I then asked Metro for more information related to the completion of the funds transfer forms, and its reasons for closing the account in the way it did. Metro made the following key points in response:

- On 14 February 2024, the beneficiary's name on the payment form was Mr A's personal name instead of M. This discrepancy meant the payment couldn't be processed.
- On 21 February 2024, the bank statements provided by M to support the payment request were older than three months. This didn't meet the documentation requirements. So, this instruction for payment was also rejected.
- The funds were not held in a suspense account but held in M's closed account. That meant the branch could have processed the payment directly through its normal systems without the involvement of Metro's notice to close team. So, whilst M's errors caused initial delays, there was an opportunity for a resolution that unfortunately wasn't identified at the time.
- It's possible the error on the payment form wasn't identified by the branch staff at the time of submission due to operational oversight or reliance on the information M provided. M aren't absolved of responsibility to ensure the information they provided was accurate. This was a key factor in the delay to the payment being made.
- Metro closed M's accounts as it discovered two CIFAS (Credit Industry Fraud Avoidance System) markers against their director. Given its concerns because of this, Metro closed the account with less than 60 days' notice. Please note I have detailed Metro's reason here as information about CIFAS is available to M and I note that Metro signposted them to it when issuing its final response letter.

I then sent both parties my provisional decision in which I said I was planning on upholding this complaint. For ease of reference, here is what I said:

Provisional decision

"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 M 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 am planning on upholding this complaint. I'll explain why.

Account review and closure

Banks in the UK, like Metro, are strictly regulated and must take certain actions in order to meet their legal and regulatory obligations. They are also required to carry out ongoing monitoring of an existing business relationship. That sometimes Metro needs to restrict, or in some cases go as far as closing, customers' accounts.

Metro is entitled to close an account just as a customer may close an account with it. But before Metro closes an account, it must do so in a way, which complies with the terms and conditions of the account. The terms and conditions of the account, which Metro and M had to comply with, say that it could close the account by giving them at least two months' notice. And in certain circumstances it can close an account immediately or with less notice.

Metro closed M's account with seven days' notice as it discovered two CIFAS markers against their director. Having closely reviewed the terms and conditions, and given the proximity of the markers, I'm persuaded Metro should have given M two months' notice of its intention to close their account.

However, I think this made little difference here given it wasn't until October 2023, by M's own admission, that they discovered their account had been closed. So, the account was closed in June 2023, when Metro should have done so in August 2023. But M only appear to have wanted access to their funds in October 2023 when discovering what had happened.

Return of funds

What is clear here is that the funds were never in a suspended account and could have been sent without the escalation to Metro's 'notice to close' team to M's nominated account when they asked for the transfer.

M say that they discovered the account had been closed in October 2023, and were told its officer would need to attend a branch to facilitate the transfer of funds. Unfortunately, there is no other evidence on what happened between October 2023 and February 2024 when Mr A attended the first of several branches. So, I can't be sure that given the funds were in M's closed account, they could've been transferred using telephone banking to save Mr A making his trip to the UK.

What's important here is whether the evidence I do have shows or persuades me on balance, that Mr A, as director of M, was told he had to come to the UK to access the funds as he says. The emails I've been given between Metro and Mr A in early March 2024 show that a faster payment form needed to be completed in branch along with a bank statement dated within three months.

I note that both faster payment forms I've been sent copies of are from February 2024. So, I don't know if M were told the bank statement needed to be dated within three months before March 2024. But given M have shown such a statement was available, I think its most likely such a statement would've been provided upon request.

I also think that Metro could've done more in checking the faster payment form in the first instance when the beneficiary details were inputted wrong. Metro argue that it was incumbent on M to provide accurate details – but M provided an external bank statement which showed the account was in M's name and not Mr A personally. And given the form is computer typed, I'm persuaded Metro should have done more. Particularly as it would've known Mr A flew in from overseas to facilitate this payment. I accept though it's likely he had other business affairs to tend to in the UK. So I will take this into consideration and mitigation for any award of compensation.

Taken together, I'm persuaded Metro most likely informed M that its officer(s) needed to attend branch to release the funds. The matter of accessing the funds was made unnecessarily problematic by Metro's branch staff not realising the funds were in M's closed account - so they could've released them without escalation, and/or issued a cheque as it later did. This led to Mr A making several trips to branch and taking time out of M's normal business operations.

So after carefully weighing everything up, I think Metro should do the following to put things right:

- *Pay 8% simple annual interest on the funds from 1 October 2023 up until the cheque*

was cashed*

- *Pay M £700 for the inconvenience its errors have caused. This includes the time their officer has had to take out of their normal duties in operating the business and for the cost of travel incurred. I have mitigated the cost of travel a little here given its likely this would have coincided with M's normal operating of its business interests in the UK.*

M should note that I haven't considered the distress caused to Mr A given M is a separate entity to Mr A – and for the purposes of this complaint, the eligible complainant. A limited company cannot of course suffer distress. I also haven't awarded any compensation for the way the account was closed. That's because even if Metro had given two months' notice as it ought to have, it wasn't until much later that M sought access to their account services at which point the account would've been closed fairly.

Metro should note that M have sent in compelling evidence of travel costs it incurred.

**If Metro considers that it's required by HM Revenue & Customs to deduct tax from that interest, it should tell M how much it's taken off. It should also give M a tax deduction certificate if they ask for one, so they can reclaim the tax from HM Revenue & Customs if appropriate.*

Customer service

I haven't seen compelling evidence that M received poor customer service other than that which I have set out above. I do note that the international number M provided Metro when trying to retrieve their funds in 2024 is from Yemen and not Iran. So, this appears to be an error. But I'm satisfied the award I'm planning on making sufficiently covers any inconvenience and customer service issue to do with this.

Lastly, I don't make any award for interest occurred and late payment fees on a loan M say they had. As a business, M is expected to take reasonable measures to mitigate any loss"

The deadline for any further arguments and evidence for both parties has now passed. M hasn't responded. Metro say it agrees with what I said. I will now decide this 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.

For the reasons in my provisional decision – as above – I have decided to uphold this complaint.

Putting things right

To put things right, Metro must:

- Pay 8% simple annual interest on the funds from 1 October 2023 up until the cheque was cashed*
- Pay M £700 for the inconvenience its errors have caused. This includes the time their officer has had to take out of their normal duties in operating the business and for the cost of travel incurred. I have mitigated the cost of travel a little here given its likely this would have coincided with M's normal operating of its business interests in the UK.

*If Metro considers that it's required by HM Revenue & Customs to deduct tax from that interest, it should tell M how much it's taken off. It should also give M a tax deduction certificate if they ask for one, so they can reclaim the tax from HM Revenue & Customs if appropriate.

My final decision

For the reasons above, I have decided to uphold this complaint. Metro Bank PLC must now put things right as directed above.

Under the rules of the Financial Ombudsman Service, I'm required to ask M to accept or reject my decision before 24 June 2025.

Ketan Nagla
Ombudsman