

The complaint

Ms S and Miss M, as trustees of a trust, complain that Metro Bank Plc didn't follow their instructions when setting up the trust's bank account.

What happened

This complaint concerns a personal injury trust, set up when Miss M received compensation after being the victim of serious crimes when she was a child. Miss M is the beneficiary of the trust. She is also a trustee, along with her mother Ms S.

Ms S and Miss M opened a Metro bank account for the trust in March 2024. Everyone agrees that the account should have been set up on a "two to sign" basis, meaning that both Ms S and Miss M had to agree to any withdrawals. However, Metro wrongly set the account up in a way that allowed Miss M to make withdrawals on her own.

When the account was opened, it had a balance of around £77,000. Over the next few months, Miss M made withdrawals totalling around £50,000. Each withdrawal was made by giving telephone instructions to Metro.

Ms S complained to Metro in December 2024. She said that she hadn't known how much Miss M had withdrawn – and that if she had known, she would have taken action to restrict Miss M's spending.

Metro accepts that it made a mistake when the account was opened. However, it does not agree that it should have to refund any of the money that Miss M withdrew. It said that it was satisfied that Ms S knew about at least two of the withdrawals (one because it appears she was present during Miss M's phone call, and the other because the withdrawal was a transfer from the trust account to Ms S's personal account). However, it paid £500 to apologise for the distress and inconvenience caused by its error. It also agreed to waive account maintenance fees for the life of the account.

Ms S told us that she didn't think Metro's offer was fair. She accepted that she knew about two of Miss M's withdrawals (for £7,403.70 and £1,500.00), but she said that Metro should refund all the withdrawals that she was not aware of. She calculated that amount as £39,133.00.

One of our investigators looked at this complaint, but he thought Metro had already done enough to put things right. He acknowledged that Miss M might have spent the money differently had the correct mandate been in place, ultimately, he thought she had benefitted from use of the funds. He also thought that Ms S ought to have been aware that the account had not been set up as it should have been, given that she knew Miss M had been able to make two transactions without her permission.

Ms S did not accept our investigator's conclusions, and asked for the matter to be 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, whilst I am sorry to further disappoint Ms S and Miss M, there is very little that I can add to what our investigator has already said.

I recognise that the circumstances that led to this complaint were exceptionally difficult for Miss M, and indeed for Ms S. They have provided medical evidence about the trauma Miss M has suffered, and I thank them for their openness with us.

It's clear that Metro has made a serious error, but that doesn't automatically mean that I'm required to award the compensation that the trustees have requested. I'm required to consider the consequences of Metro's error. In this case, I think it is also fair for me to consider whether there is anything that Ms S or Miss M, as trustees of this trust, could have done to reduce the impact of Metro's error (or, in other words, to mitigate their loss).

Firstly, I've considered the consequences of Metro's error. Metro did not cause the money to be lost. Instead, the money was transferred on the instructions of the beneficiary, Miss M, and was used for Miss M's benefit.

I don't know what Miss M did with the money she withdrew. Some of the payments have references like "rent", "solicitor", and "car insurance", which suggests that she was using the funds to cover her expenses. Ms S has accepted that Miss M did benefit from the funds, but she said it had been "clearly frittered away on everyday things" when it should have been used for purposes such as mental health therapy. I acknowledge that Ms S feels very strongly about this, but I see nothing in the trust documentation that prevents Miss M from spending the money in the way she did. Given that Miss M did benefit from the money I don't think it would be fair for me to order Metro to reimburse it.

Secondly, I've considered whether there is anything that Ms S or Miss M, as trustees, could have done to reduce the impact of Metro's error.

It's obvious that it would have been possible for Miss M to have asked her mother's permission before she made any withdrawals, but I don't think it would be reasonable for me to criticise her for failing to do so. Ms S has explained that given Miss M's health and experiences during childhood, Miss M was not able to cope with the trust fund alone – which was the whole point of the account being set up on a "two to sign" basis.

However, I do think that Ms S could have done more. Ms S was upset by our investigator's implication that she should have known about her daughter's withdrawals from the account, given that she does not live with her daughter. Our investigator didn't explicitly say that Ms S should have known – but he did say that as a trustee, Ms S "has a responsibility to manage and monitor the trust". I understand Ms S's point of view, but I don't think our investigator's comment was unfair.

I've listened to Miss M's 4 April 2024 call to Metro, in which she withdrew £7,403.70 via telephone banking. That was the first of Miss M's many withdrawals. During that call:

- Miss M was clearly with other people, and she referred to one of them several times as "Mum". (That is consistent with Ms S's evidence that she was present during the call.)
- Metro only spoke to Miss M, and did not at any point speak to, or ask to speak to,

Ms S or to anybody else. That means Ms S did not consent to the payment.

I know this will be hard for Ms S to hear, but I do think the 4 April 2024 call ought to have alerted her to the fact something wasn't right. Ms S knew that the account should have been set up on a "two to sign" basis, and yet she also knew that Metro hadn't spoken to her to get authorisation for the very first withdrawal on the account. All of Miss M's subsequent withdrawals were made in the same way, over the phone. I think it is likely that if Ms S had intervened after the first withdrawal, the "two to sign" instructions would have been added to the account with no harm done.

I think Ms S had another opportunity to intervene after Miss M's 3 June 2024 withdrawal of £1,500.00. That withdrawal had the reference "mum", and Ms S accepts that the payment was made to her own account. Ms S told us "I knew about this one, [Metro] didn't call but I thought it was a blip and didn't know [Miss M's spending] was happening like it was". But again, if Ms S had contacted Metro at that point to explain that she thought there had been a "blip", it is likely the problem would have been discovered much earlier than it was.

Looking at the overall circumstances here, I don't think it would be fair for me to order Metro to reimburse any of the funds Miss M withdrew from the trust account. It has already paid £500 compensation in recognition of its serious error, and it has also waived account fees. I don't require it to do anything more.

My final decision

My final decision is that I do not uphold this complaint against Metro Bank Plc.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss M and Ms S to accept or reject my decision before 10 July 2025.

Laura Colman
Ombudsman