

## **The complaint**

Mr K complains that Metro Bank PLC (“Metro”) held him liable for transactions he didn’t authorise.

## **What happened**

Mr K believes that funds were taken from his account fraudulently. This consisted of three £39.99 payments (for a monthly vehicle services subscription) and a later invoice for £840.36.

Mr K has asserted that he entered into an arrangement (service plan) with a merchant I’ll refer to as AP. He argues that this arrangement was fraudulent and a linked business (referred to as RK) were involved through common individuals.

The service plan was taken up by Mr K (who later confirmed he’d not read the terms and conditions related to this arrangement) which consisted of a monthly payment (£39.99). Mr K provided his card details for this payment (he later denies authorising this) and the payment was set up as a continuous payment authority (CPA).

Mr K and AP/RK had a series of disagreements which resulted in the service plan being ended. AP issued an invoice for outstanding work for £840.36 to Mr K.

Mr K told AP that he disagreed with the invoice and removed his authority for them to take the payment. He also informed Metro that he’d removed authority prior to the payment taking place.

AP were able to take the payment using updated card details for Mr K. He sought a refund from Metro, including the three-monthly payments. Significant amounts of documentation concerning the matter were sent to Metro. Mr K also argued that as well as not authorising the payment, the invoice issued by AP included duplicate payments for items he’d previously paid for.

Metro temporarily refunded the invoice amount and raised a chargeback – which is a way for a debit card provider to reclaim money from the retailer’s bank when a consumer doesn’t get the goods or services he’s paid for, or the goods are faulty or defective. It isn’t a legal right and there’s no guarantee the card provider will be able to recover the money through chargeback. The process is subject to the rules of the scheme and strict time limits apply.

AP defended the chargeback and provided details of the separate charges that made up the total. Mr K refuted this, but Metro declined to pursue the chargeback because AP’s response indicated Mr K had breached the terms of the agreement (which Mr K disagreed with). Metro then reclaimed the temporary refund, resulting in a negative balance on Mr K’s account, pushing the balance into an unplanned overdraft. Mr K later said that an incoming pension payment was then subsumed by the overdraft, resulting in a loss of use of those funds.

The result of Metro’s decision was that no refunds were provided to Mr K, so he raised a number of complaints about their decisions. Metro continued to decline Mr K a refund and his complaint was brought to the Financial Ombudsman Service for an independent review.



Both parties provided evidence in support of their cases. Mr K argued that he hadn't authorised any of the payments and wanted Metro to fully refund him. Mr K supplied a significant amount of evidence in support of his case.

Metro provided details of the payments and their own investigations, including details related to the chargeback. Metro continued to argue that Mr K was responsible for the payments.

After reviewing the evidence, the investigator didn't think that Metro had acted unfairly when they processed the payments under the CPA. Further, that Metro had used a chargeback to question the payments, but as AP had provided evidence they were entitled to the funds, they acted reasonably when they declined to pursue it further.

Mr K continued to disagree and asked for a further review of his complaint. As part of my own investigation, I wrote to both parties to better understand the situation.

Metro were asked to review the payments and later confirmed that the three £39.99 payments were authorised through the CPA, but the £840.36 invoice used a different card issued to Mr K. They continued to believe that Mr K had authorised all of the payments.

Mr K didn't accept he'd authorised any of the payments.

As no agreement could be reached, the complaint has now been passed to me for a decision.

I issued my provisional findings on the merits of Mr K's complaint on 3 June 2025. In my provisional findings, I explained why I intended to partly uphold Mr K's complaint and offered both sides the opportunity to submit further evidence or arguments in response. An extract of that decision is set out below and forms part of this final decision:

"What I've provisionally 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.

I'm very aware that I've summarised this complaint above in far less detail than it may merit. I'm also not going to cover all the points raised by Mr K. No discourtesy is intended by this. 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 haven't. 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 will, however, refer to those crucial aspects which impact the decision I'm making.

The relevant law surrounding authorisations are the Payment Service Regulations 2017 (PSRs). The basic position is that Metro can hold Mr K liable for the disputed payments if the evidence suggests that it's more likely than not that he made them or authorised them, but Metro cannot say that the use of the card details conclusively proves that the payments were authorised.

Unless Metro can show that consent has been given, it has no authority to make the payment or to debit Mr K's account and any such transaction must be regarded as unauthorised. To start with, I've seen the bank's technical evidence for the disputed transactions. It shows that the transactions were authenticated using the payment tools issued to Mr K.



It's not my role to say exactly what happened, but to decide whether Metro can reasonably hold Mr K liable for these transactions or not. In doing so, I'll be considering what is most likely on a balance of probabilities.

### *Subscription payments*

I'll deal with the three subscription payments first. These were set up as a CPA, enabling a merchant to take payments from the account based on authority provided by the card holder. Mr K has since denied providing this. But, contained within Mr K's own evidence, he confirms he set up these payments, an extract is copied here:

*"He took my card to pay for the Nox sensor and my card to pay for the first month needed for the Service Plan.*

*He said if I signed up - I wouldn't have to pay for the service. As the amount needed was only £ 39.99 pm and the service would have been £ 190 I thought it was of little risk to agree on the condition he did all the paperwork for me as needed."*

So, it's reasonable to conclude from this that Mr K accepted there was a monthly charge and agreed to it. In respect of these three payments, I currently think it's more likely than not that Mr K authorised these payments and it was reasonable for Metro to hold him liable for them. So, I currently don't intend to ask Metro to refund them.

### *Invoice for £840.36*

This was raised by AP after they cancelled the agreement with Mr K. The invoice was notified to Mr K and he entered into lengthy arguments about it, essentially telling AP that he wasn't responsible for the amount, and he removed authority for them to take the payment.

Evidence provided by both parties also shows Mr K raised the issue with Metro prior to AP taking the payment from a (new) card issued to him which didn't utilise the CPA. Metro have argued that as the payment was taken from the new card, Mr K must have provided it to AP.

Given that Mr K was in dispute with AP at the time and had specifically told them not to take any payment – I have some doubts that he would then provide them with an alternative set of card details. Although I haven't seen any evidence how AP came to have the card details, it's not uncommon for updated card details to be automatically provided to those merchants who've previously had an arrangement to take payments from the card, which AP had.

What's of relevance here is that Mr K told both Metro and AP that they no longer had authority to take or process payments. But AP were still able to successfully take the payment. When Mr K raised this with Metro, they launched a chargeback which was defended by AP. It seems to me that Metro had an opportunity here to establish what had actually happened. That doesn't appear to have been the direction taken by Metro because they told Mr K that as he'd breached the terms of the agreement and had previously accepted he'd not fully read the terms associated with the service plan, they weren't going to pursue the matter further.

Mr K provided details to our service about the various invoices and payments he'd made to AP/RK. Whilst there were many disagreements between the parties, it's apparent that when examining the payments made by Mr K for work done, the £840.36 invoice also includes some of them as well. They were in effect duplicate payments for some of the work.

So here there are two issues, one that Mr K removed authority prior to AP taking the payment which Metro had opportunity to stop, and secondly, they then had a further chance to put this right when they dealt with the chargeback. Metro don't appear to have done either, taking the evidence provided by AP as more persuasive.

What that means here is that because there's evidence that Mr K removed authority for AP to take payments (and Metro were aware of this), under the PSRs, there's no evidence to



show that consent was present. Without which Metro didn't have the authority to process the payment.

Having had some discussions with Metro about this, they're not of the opinion that they did anything particularly wrong. Given the evidence I've seen so far, I'm inclined to disagree. I do acknowledge Metro's point that if they have to refund the full amount to Mr K, he may receive a refund for some legitimate work carried out on his car. But, whilst that's a possibility (Mr K argues that most if not all of the invoice costs are either duplicate or inflated), the fact remains that Metro didn't have appropriate authority to release the payment. A full refund is therefore due, including additional interest at 8% per annum for the loss of use of those funds (from the date they were permanently taken to the date they're returned).

I'd comment here that if Metro had followed Mr K's instruction, the outstanding invoice would then have been a matter for Mr K and AP to take forwards. Metro's decision to process the payment removed Mr K's ability to argue the matter elsewhere.

The result of the payment being permanently taken from Mr K's account left it without funds and pushed it into an overdraft. Mr K then received a pension payment which was subsumed into the debt, rather than be available for Mr K to use for his basic everyday needs. Metro's decision to take back the refund resulted in further difficulties for Mr K. Although I acknowledge that refunds are provided on a temporary basis, the decision by Metro to enable the payment to be taken by AP in the first instance without any clear authority and then the approach they took to the chargeback resulted in a loss of funds. I consider here that Metro acted unfairly and I'm intending to recommend a payment to Mr K for the added inconvenience and distress this caused. Currently I think that Metro should pay Mr K £150 for the impact their actions had on him.

My provisional decision

I'm currently intending to uphold parts of this complaint and require Metro to:

- Refund the invoice amount of £840.36
- Add interest at 8% simple per annum from the date the funds were permanently removed to the date they're repaid.
- Repay any charges that may have been accrued as a result of the overdraft.
- Pay Mr K £150 for the distress and inconvenience caused to him.

I invited Mr K and Metro to give me any more evidence and information they wanted me to consider before issuing my final decision. Metro believed the outcome was generous and didn't agree but would pay the settlement if Mr K accepted it. Mr K broadly accepted the outcome but didn't think the £150 was sufficient to recognise the stress and inconvenience he'd suffered.

I wrote to Mr K to ask him to provide anything further in respect of the impact the loss of the funds had on him. He declined to provide anything further, arguing he'd already provided sufficient information to warrant a larger payment. Mr K argued that he suffered exceptional hardship as a result of this issue. He also said that "the relative impunity that Metro receive after effectively "stealing" monies against my express wishes."

### **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, and as neither party had anything further to add that would change my provisional decision, I see no reason to reach a different conclusion. So, this final decision confirms the findings set out in my provisional decision.

I wanted to comment on the hardship argument made by Mr K and his assertion that Metro have somehow been treated with impunity. Whilst I appreciate Mr K has strong feelings about this issue, the payment made by Metro was in support of an invoice that AP/RK raised. I don't think it's unfair to say that Mr K would've incurred costs either way the matter was dealt with. The payment no doubt avoided legal costs which was the likely next stage of the issue. So, whilst I accept that Metro shouldn't have allowed the payment to leave the account, by doing so, they likely prevented other costs to be incurred by Mr K or potentially negative impacts on his financial standing. So, I don't think it's fair to say that Metro caused Mr K undue hardship.

I'd also like to clarify that it's not the role of our service to punish businesses, but to put right those matters where a business has acted unfairly to their customer. I understand Mr K has reported the matter to the Financial Conduct Authority who are the proper organisation to consider such broader issues.

In respect of Mr K's argument for a much higher award, I have considered if Metro's actions warranted that and I don't think, in the circumstances, that it does. I must balance the outcome and whilst Metro didn't stop the payment from leaving his account, the situation was very complex and confusing.

When Metro caused the overdraft by taking back the temporary refund, they used a pension payment made to Mr K. He was able to successfully argue that this shouldn't be used against it and Metro eventually reversed this. I was happy to see that this happened. This would've likely caused the award for distress and inconvenience to be higher if a pension payment was taken to account for the overdraft for any extended period of time.

Metro have argued this was a generous outcome, which I disagree with. Mr K had removed authority to make the payment and Metro's lack of awareness of this then caused the follow-on problems. As previously mentioned, Mr K had issue with some, if not all, of the individual payments, so it's unclear how much he would have eventually paid. I recognise he's likely to have gained some benefit from the refund, but I don't think it's fair to describe it as "generous".

In summary - the totality of the award takes into account the losses incurred by Mr K and puts him back in the position he would have been if the payment hadn't occurred, including a payment for interest based on the loss of use of those funds. Also it recognises that Metro acted unfairly, which is why I've recommended a payment of £150. Overall I'm satisfied that this is a fair and reasonable outcome, although I recognise that Mr K will continue to disagree.

### **Putting things right**

In order for this complaint to be finalised, Metro should now:

- Refund the invoice amount of £840.36
- Add interest at 8% simple per annum from the date the funds were permanently removed to the date they're repaid.
- Repay any charges that may have been accrued as a result of the overdraft.
- Pay Mr K £150 for the distress and inconvenience caused to him.



**My final decision**

My final decision is that I uphold this complaint in part and Metro Bank PLC are now required to settle it as detailed above in the section "Putting things right".

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 23 July 2025.

David Perry  
**Ombudsman**