

The complaint

Miss G is unhappy that Metro Bank PLC (“Metro”) won’t reimburse her in full for the money she lost to a scam.

What happened

In January 2025, Miss G came across a post on a social media website for concert tickets. She contacted the seller and sent £240 from her account with Metro. However, soon after Miss G received an email purporting to be from a well-known, genuine ticket seller requesting further funds. She contacted the genuine ticket seller who confirmed they hadn’t sent the email and Miss G then realised she’d been the victim of a scam.

Miss G reported the matter to Metro. Metro refunded £140 and said under the new Reimbursement Rules it was allowed to apply an excess of £100 to any claim.

Miss G was unhappy Metro had ‘taken £100 compensation’. She said banks have insurance which covers them for large amounts, and she should not be penalised for having her money taken.

Our investigator did not uphold the complaint. She didn’t think being in receipt of a Personal Independence Payment (PIP) allowance was enough to show Miss G was vulnerable to the scam she fell victim to. She also said that whilst the scam had had an adverse impact on Miss G’s finances, this wasn’t enough to say she was financially vulnerable at the time the payment was made.

Miss G remained unhappy that Metro withheld the remaining £100, citing that this amount can be deducted as an “excess” under the rules.

Miss G believes this decision is unfair for the following reasons:

- Vulnerability was not properly considered. At the time of the scam, she was in receipt of a Personal Independence Payment (PIP) due to her mental health. The rules clearly state that the £100 excess cannot be applied where a consumer is “especially susceptible to harm due to their personal circumstances.”
- Metro Bank and the complaint handler dismissed her PIP allowance as irrelevant, but this evidence does indicate vulnerability. She was in a position where she was more likely to be targeted and harmed by scams.
- Unfair application of “luxury purchase” reasoning. The investigator’s view suggested that because the payment was for concert tickets, this was a “luxury” and therefore Miss G was not financially vulnerable. This interpretation is unfair. Vulnerability relates to a person’s circumstances, not the type of item purchased. The impact of the loss on her — both financially and emotionally is what matters.

- Consumer protection principle. The Faster Payments and CHAPS reimbursement rules were introduced to protect consumers from the growing problem of scams. Allowing firms to deduct £100 in cases where the consumer has clear evidence of vulnerability undermines the purpose of these protections.
- Metro Bank's duty of care. Metro should have applied the rules more fairly, taking into account the evidence of her circumstances. She believes Metro failed to act with appropriate care in assessing vulnerability, as required under the regulations.

As the complaint could not be resolved informally, it has been passed to me for 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.

Having done so, I've come to the same outcome as the investigator for broadly the same reasons.

When considering what is fair and reasonable, I'm also required to take into account: relevant law and regulations; regulatory rules, guidance and standards; codes of practice; and, where appropriate, what I consider to have been good industry practice at the relevant time.

In broad terms, the starting position in law is that a firm is expected to process payments and withdrawals that a customer authorises, in accordance with the Payment Services Regulations and the terms and conditions of the customer's account. However, where the customer made the payment as a consequence of the actions of a fraudster, it may sometimes be fair and reasonable for the bank to reimburse the customer even though they authorised the payment.

The Financial Services and Markets Act 2023 required the Payment Systems Regulator (PSR) to introduce a reimbursement requirement for payments made over the Faster Payments Scheme as a result of fraud or dishonesty. Consequently in 2024, the PSR required the Faster Payments scheme operator (PayUK) to change the Faster Payment Rules to require the firms that operate over Faster Payments to reimburse their customers sums paid as a result of APP scams (herein after referred to as the Reimbursement Rules) in certain circumstances.

In this case, I've first considered whether the Reimbursement Rules and associated guidance issued by the PSR are relevant to the payment in dispute. Where they are relevant, I must have regard to the rules and guidance, as well as considering what is fair and reasonable in all the circumstances of the complaint.

The Reimbursement Rules¹ set out the requirements for a payment to be covered. I've summarised those below:

- The payment must have taken place after 7 October 2024 and have been reported within 13 months after the date of the final covered payment of the scam claim; and
- It must have been made as part of an APP scam (whether to a recipient or for a purpose otherwise than the payer intended); and
- It must have been authorised by the account holder; and
- It must have been made to another UK account that was not under the control of the consumer.

There's no dispute that the above criteria apply to the Faster Payment made by Miss G.

In order for a payment to be 'reimbursable' under the Reimbursement Rules it must meet the following criteria, which again have been summarised:

- The Exception does not apply or the consumer was a vulnerable consumer at the time the payment was made.
- The consumer is not party to the fraud and is not claiming dishonestly or fraudulently.
- The payments were made in relation to a fraud, rather than in circumstances only giving rise to a private civil dispute.
- The purpose of the payment was not unlawful.

And a PSP will be responsible for reimbursing a maximum of £85,000 from any single APP scam claim.

The Reimbursement Rules set out that the value of the Reimbursable Amount to be credited shall be the full value of all Reimbursable FPS APP scam payments, up to the maximum level of reimbursement and less any claim excess imposed.

In respect of applying an excess the Rules state that:

Sending PSPs may apply a single claim excess to each FPS APP scam claim, up to the maximum claim excess value set by the PSR and published on their website.....

Sending PSPs may not apply a claim excess if the Victim was a Vulnerable Consumer at the time they made at least one of the FPS APP scam payment(s) within the FPS APP scam claim and vulnerability affected their ability to protect themselves from the scam.

Again, it's my understanding there's no dispute about any of the criteria above applying, other than whether the excess can be fairly applied. And whether Miss G was vulnerable to the extent it affected her ability to protect herself from the scam.

So, I've considered whether Miss G was a 'vulnerable consumer' at the point the payment was made *and* if so whether that vulnerability affected her ability to protect herself from the scam.

Vulnerability

As set out above, the Reimbursement Rules set out that a Sending PSPs (in this case Metro) may not apply a claim excess if the victim was a vulnerable consumer at the time they made at least one of the scam payments; *and* vulnerability had a 'material impact' on their ability to protect themselves from the scam.

¹ <https://www.wearepay.uk/wp-content/uploads/2024/09/FPS-Reimbursement-Rules-Schedule-4-v3.0.pdf> at paragraphs 3.8-3.10

Under the rules, vulnerability has the same meaning as when the term is used by the FCA in its Guidance for firms on the fair treatment of vulnerable customers, namely that “a vulnerable consumer is someone who, due to their personal circumstances, is especially susceptible to harm – particularly when a firm is not acting with appropriate levels of care.”

I've thought about this guidance in relation to Miss G's circumstances. I've noted what Miss G has said about her PIP. I'm not persuaded that being in receipt of a PIP automatically shows she was particularly susceptible to harm. It is more about the circumstances that sit behind this.

Miss G told us she was experiencing severe mental health challenges which she says affected her judgment and decision-making. She explained that it also impacted how she processed information and assessed any risks. Miss G believes these circumstances significantly affected her ability to recognise the scam for what it was, and as such, contributed directly to her falling victim to it.

Even if I were to accept there were vulnerabilities here and agree that Miss G meets the FCA definition of being vulnerable - that's not enough for me to say Metro may not apply the excess. What is key here is; whether Miss G's vulnerability has had a material impact on her ability to protect herself from the scam.

But this wasn't a scenario where Miss G was 'targeted' (as she says she was). Instead, Miss G proactively found a post on social media and she herself initiated contact with the seller. Whilst in communication with the scammer, Miss G says she recognised there was a discrepancy between the payee's name for the bank account and their social media name. Miss G says she questioned this discrepancy directly with the scammer. I appreciate she was given a possible explanation around this, but it does show she was able to take steps to protect herself. Miss G also very quickly recognised the follow up email confirming her purchase (purporting to be from a well-known, genuine ticket seller) and requesting more money, wasn't right. Before making any further payment, she was able to call the genuine organisation who confirmed the email wasn't from them.

So, I think Miss G was able to take steps and quite quickly recognise for herself this was a scam (albeit it was after she made the payment) despite any vulnerability. This suggests Miss G's ability to protect herself wasn't significantly hindered by the personal circumstances she has highlighted. Unfortunately given how the scam evolved it simply wasn't clear the seller was actually a scammer until after she sent the payment.

I do appreciate that not receiving the full refund has had an adverse impact on Miss G's finances. This was a consequence of the scam and doesn't necessarily mean she was in a financially vulnerable position at the time of the scam/at the time the payments were made – which is what I am considering here.

Overall, I'm not persuaded Miss G was vulnerable in a way that materially affected her ability to protect herself from the scam. Although Metro doesn't detail the exact circumstances in which it may choose to apply an excess, its website does state that a PSP can choose to apply up to £100 excess on any APP fraud claim. It goes on to explain that if a PSP chooses to apply this excess customer will be reimbursed the full amount minus £100.

I'm therefore satisfied it's fair for Metro to apply the excess to Miss G's claim. Although I think Metro could have explored Miss G's vulnerability and explained its reasons for applying the excess to Miss G in much more detail, I don't find Metro's overall decision to apply the excess was unfair under the terms of the Reimbursement Rules.

I have considered if there are any other reasons why Metro should refund Miss G 's remaining loss. I don't think there was anything so unusual or concerning about the size of the payment Miss G sent that it should have been obvious to Metro that she might be about to lose money to a scam. So, I couldn't fairly expect Metro to have done more than it did here.

Metro has provided evidence that it immediately reached out on the same day to the PSP that received Miss G's money to try to claim it back for her. The investigator also reached out to the receiving PSP, and it confirmed that no funds remained by the time Metro reported the loss. This is not unusual as scammers usually remove funds straight away. There's nothing more I could expect Metro to do in the circumstances.

I should add that Metro has not retained or withheld Miss G's money. Miss G transferred her money to a scammer and that money had been removed by that third-party by the time Miss G reported the matter to Metro. The Reimbursement Rules require PSPs to refund consumers from their own funds. But the rules place limits on what a PSP is expected to reimburse and one such limitation is that they are entitled to deduct an excess from the amount they payout.

I am sorry Miss G has fallen victim to a scam and lost money, but I don't think Metro made any failings that have caused or contributed to Miss G's remaining loss – including its consideration of her fraud claim under the Reimbursement Rules. I therefore don't think it would be fair and reasonable to direct Metro to refund her anything further.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss G to accept or reject my decision before 7 November 2025.

Kathryn Milne
Ombudsman