

The complaint

A company, which I'll refer to as 'D', complains that Metro Bank PLC won't reimburse the money it's lost to a scam.

Mr N, who is a director of D, brings the complaint on D's behalf.

What happened

Mr N has explained that he established a connection with a captain in the Ministry of Defence – Kenya ('the MOD') via a UK Embassy ('UKE'). The captain presented himself as knowledgeable and professional. He advised Mr N that D's products were potentially required in Kenya. Mr N travelled to Kenya to meet the captain and his associates. He was presented with a high-value business deal, which he believed to be legitimate. Mr N understood that D's role would be to obtain products and ship them to Kenya. Contracts were signed and exchanged. D was required to pay \$213,000 upfront for the legal costs involved in the deal. Mr N paid the legal costs to a law firm in two payments from D's Metro Bank account. But the business deal did not proceed as expected and, when Mr N contacted the MOD, he discovered that it had no knowledge of a contract with D – D had been scammed.

Mr N raised a fraud claim with Metro Bank. Metro Bank declined to reimburse D's loss, so Mr N referred a complaint to this Service which our investigator considered but didn't uphold. Mr N asked for an ombudsman's final decision, so the complaint has now been passed to me to decide.

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.

It's common ground that Mr N 'authorised' the disputed payments on D's behalf. So, even though D was the victim of a scam, the payments were 'authorised' under the Payment Services Regulations and the terms and conditions of D's account. Metro Bank had an obligation to follow Mr N's payment instructions, and D is presumed liable for its loss in the first instance. But that's not the end of the story.

Taking into account the law, regulator's rules and guidance, relevant codes of practice, and what I consider to have been good industry practice at the time, I think that Metro Bank should:

- Have been monitoring accounts and payments made or received to counter various risks, including fraud and scams, money laundering and the financing of terrorism.
- Have had systems in place to look out for unusual transactions or other signs that might indicate that its customers were at risk of fraud (amongst other things). This is particularly so given the increase in sophisticated fraud and scams in recent years, which firms are generally more familiar with than the average customer.

- In some circumstances, irrespective of the payment channel used, have taken additional steps or made additional checks before processing a payment, or in some cases declined to make a payment altogether, to help protect its customers from the possibility of financial harm.

I agree with our investigator that Metro Bank ought to have done more to try to protect D from financial harm from fraud here. But I think it's unlikely that it could've prevented D's financial loss if it had. I'll explain why.

The disputed payments were instructed via telephone banking, so I don't need to make a finding on whether they ought to have triggered the bank's fraud detection systems. Metro Bank had an opportunity to intervene with the payments. Due to the nature and value of the payments, I consider that Metro Bank ought to have recognised that D was at a heightened risk of financial harm – high-value payments were being sent to a Kenyan bank account – and asked Mr N some questions about them.

Mr N wasn't being coached, and I think it's likely he would have answered any questions the bank asked him about the disputed payments truthfully (within the confines of the relevant Non-Disclosure Agreement) and in line with the information he has given this Service about what happened. So it's likely he would've said, for example, that he was introduced to D's business contact by a UKE, he'd met the captain and his colleagues face-to-face in Kenya (accompanied by armed military escort vehicles and personnel), and he'd signed and received documentation on D's behalf which you might expect to see in this type of business transaction (and he would've been able to show Metro Bank this documentation on request). Metro Bank would also have noted that the payments were going to a law firm, fitting the payment purpose of 'paying legal fees' which it had been given.

Considering what Metro Bank knew about the disputed payments, and the information it would likely have been given about them during a proportionate intervention, I think the bank would've been reasonably satisfied that the payments didn't present a fraud risk and let them go. I'm not persuaded that Metro Bank can reasonably be expected to have uncovered that a scam was taking place and potentially prevented D's financial loss if it had intervened as I'd expect.

I'm really sorry to hear that D has lost a lot of money to a scam, and I appreciate that Mr N feels Metro Bank should've done more to protect D. But I don't consider that it would be fair or reasonable to require Metro Bank to reimburse D in the circumstances.

Finally, I've thought about whether Metro Bank could've done more to recover D's funds but, due to the nature of the disputed payments, I'm not persuaded that it could.

My final decision

For the reasons I've explained, my final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask D to accept or reject my decision before 5 February 2026.

Kyley Hanson
Ombudsman