

The complaint

Mr T complains that Metro Bank PLC froze his bank account after he received a payment.

Mr T has made the complaint with the assistance of a representative, Mr W. To make my decision easier to read, I will sometimes refer to Mr T even when it was Mr W that said or did something. I intend no discourtesy by taking this approach.

What happened

On 30 July 2025 Mr T received a bank transfer of just over £3,000 from a relative. The money was from a personal accident insurance claim that had been made following the death of another family member. Mr T received a text message from the bank's fraud department telling him his current account had been frozen. Mr T went into branch to explain the circumstances around the bank transfer and provided supporting emails between his relative and the insurance company. The branch told Mr T it could not contact the fraud department. Mr T says he was told to wait for a letter to arrive. He went back to the branch the next day as he remained locked out of his account.

Metro wanted Mr T to provide more evidence including a copy of the death certificate, a copy of the insurance claim, a solicitor's confirmation letter and copies of his relative's bank statements showing the funds being paid by the insurance company and the onwards transfer to Mr T. Mr T felt the bank's request was excessive and insensitive. He explained that not being able to access his account was causing him problems, including incurring a parking fine. Mr T made a complaint.

Metro issued its final response on 6 August 2025. It referred to its terms and conditions and explained the restriction was placed on Mr T's account in line with its fraud prevention and anti-money laundering obligations. Metro explained that branch colleagues are unable to contact the fraud team directly. Metro offered £100 compensation because it recognised it had not handled the situation as sensitively as it could have done but explained it was unable to lift the restriction on the account until Mr T had provided the further evidence requested to verify the transaction.

Mr T referred his complaint to this service. He said Metro had already seen all the details available about the insurance claim as it was done over the phone and by email. He explained no solicitors had been engaged with regards to the insurance claim and there was due to be an inquest into the death, so no death certificate had been issued yet. Mr T felt the bank's request implied the family had fabricated the situation.

When Metro submitted its complaint papers to us, it recognised that it could have approached the situation in a different way. It explained that it would have still needed to carry out checks, but it could have shown greater understanding and empathy for Mr T. It proactively offered a further £200 compensation to recognise the distress and inconvenience caused.

Our Investigator put the offer forwards, but Mr T did not wish to accept it. He explained he'd opened another account with a different bank whilst Metro's restriction was in place and was

unable to take advantage of the new bank's £175 switching incentive because the Metro account was frozen. He explained he'd also received a £35 parking fine and a £25 penalty for an unpaid direct debit to his insurance company.

Our Investigator thought the bank's offer was fair. Mr T said it represented only £65 in actual compensation once his losses of £235 had been considered. Our Investigator said he'd not seen any evidence to support that Mr T had incurred these losses but would be happy to review them if Mr T had any supporting documentation. Mr T asked for an Ombudsman to decide the complaint, so the matter was referred to me.

My further investigation

When the complaint was referred to me, I contacted Mr T and explained that from my perspective, there were two broad themes that remained outstanding – whether Metro made a mistake by freezing the account and whether Metro should have to pay the further financial losses Mr T has raised.

I explained that banks must be on the lookout for transactions that are unusual or out of character when compared to the way an account typically runs, so with that in mind, I wasn't persuaded Metro made a mistake by freezing the account to find out more about the incoming payment. But I felt Metro ought to have recognised very quickly that the wider circumstances surrounding this payment were not typical.

I explained that to consider the losses Mr T is seeking, I would need to be persuaded they were a direct and reasonably foreseeable consequence of Metro's mishandling of the block. I explained that I didn't have any details of when Mr T's new account was opened or what the qualifying terms of the new bank's promotion were. I said that for me to fairly say Metro is responsible for missed switching incentive, I would have to be persuaded that Mr T had taken an appropriate course of action by approaching a new bank and the only reason the incentive payment was not made was because of the Metro account being frozen.

My reason for highlighting this was because I'd looked carefully at Mr T's Metro transaction history over an extended period and it didn't appear to be Mr T's main account. There were no payments that looked like housing or utility bills, there was no salary payment or other direct regular credit. From what I could tell, Mr T used this account for day-to-day shopping, which strongly suggested he'd got other accounts elsewhere that he could have accessed during the period of the block, so he didn't necessarily need to open another one. He could have potentially used another account to pay for his parking too.

In relation to the direct debits, I explained I could see from Mr T's transaction history that direct debits were unpaid whilst the block was in place. But I couldn't see any charge from Metro for this. I explained my understanding is that Metro doesn't charge unpaid item fees and referred to relevant information about this from the bank's website. I invited Mr T to provide his comments. But Mr T did not respond. As the deadline for him to reply has passed, I must go on to make my final decision with the information that I have.

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 am unable to fairly conclude that Metro should pay additional compensation.

As I have explained above, Metro should be on the lookout for out of character activity.

This is because Metro has extensive legal and regulatory responsibilities it must meet when providing account services to customers. To fulfil these obligations, the bank may need to review activity taking place on accounts and ask customers for further information. Metro is entitled and obliged to carry out such checks. Metro's terms and conditions outline that the bank can review accounts and ask for information about specific transactions.

Against this backdrop, I don't consider it was unreasonable for Metro to want to find out more about the incoming payment Mr T received as it was a significant change to the way his account usually ran. Typically, Mr T maintained the account with a lower balance of a few hundred pounds.

Even though I don't consider Metro did anything wrong by needing to check the payment, I think the way the bank handled this process fell short. This is something that Metro has proactively recognised. It agrees that it should have shown more understanding and empathy for Mr T's feelings and needs at what was an already incredibly difficult time for him.

Mr T has said he's incurred financial losses because of the bank's poor handling. He's referred to a missed switching incentive, a parking fine and a penalty for an unpaid direct debit. But I am unable to fairly say that Metro must compensate Mr T for these losses. In the summary of my further investigation which is outlined above and forms part of this final decision, I explained why I was unable to be as sure as I would need to be that these losses were a direct and reasonably foreseeable consequence of Metro's block. I explained I didn't have enough information about when Mr T opened his account with his new bank or what the qualifying terms of that promotion were. I said Mr T's account activity suggested he may have already held accounts elsewhere that he could have accessed during the period of the block, so he didn't necessarily need to open another one. As Mr T has not provided any further comments or evidence to show that he has lost out in the way that he initially described, it is not fair or reasonable for me to conclude that Metro must cover these potential losses.

There is no question that Mr T has been impacted by the way Metro handled this situation. Where there are failings in how a firm has handled things, as there has been here, we often tell the firm to pay compensation, to recognise the impact the mistakes have. It's not possible to undo the hurt that's been done, but compensation helps by recognising that a business got something wrong and it had an unfair impact on someone. I am mindful that things were already difficult for Mr T but once Metro became aware of what Mr T was going through, it should have navigated the checks it needed to make sensitively, with the minimum of fuss. Overall, I think the bank's offer of £300 compensation for the distress and inconvenience it caused is a fair way to recognise that by not responding flexibly and failing to adapt its usual approach, it caused Mr T undue stress and anxiety.

My final decision

My final decision is that Metro Bank PLC should pay Mr T £300 in recognition of the distress and inconvenience it caused him if it has not already done so.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T to accept or reject my decision before 9 March 2026.

Claire Marsh
Ombudsman