

The complaint

Mr H complains that Metro Bank PLC won't refund payments he made as a result of a scam.

What happened

Mr H was the victim of an investment scam. He made three payments from his newly opened Metro account to an international payee, totalling £24,799.60. These payments were funded using the proceeds of a £20,000 loan and his existing savings, which he had transferred from his Lloyds account.

The payments were made to support what Mr H believed was an investment with a company I'll refer to as "T", which had promised significant returns. He later made a further payment to supposedly enable the withdrawal of his earnings. In reality, the investment was fraudulent, and Mr H realised he had been scammed when he stopped receiving responses from T.

Our investigator upheld Mr H's complaint that Metro ought to have done more to protect him from the scam. They concluded that Metro should have asked further questions about the first payment, given its suspicious circumstances, and that it's likely Mr H's losses could have been prevented had it done so. The investigator therefore recommended that Metro refund the payments made towards the scam, less 50% to reflect Mr H's contributory negligence.

Mr H accepted these findings, but Metro asked for an ombudsman's decision. It queried whether Lloyds had intervened in relation to the payments and highlighted that, when it attempted to recover the funds from the receiving bank, the bank declined as its client claimed the services had been provided.

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 reached the same outcome as our investigator, for the following reasons:

- Metro hasn't explicitly contested that Mr H was the victim of a scam, although it has highlighted that the bank receiving Mr H's money declined its recovery claim on the basis that its client said the services were provided.
- For completeness, this doesn't persuade me that the investment was genuine or that Mr H wasn't the victim of a scam. There are clear indicators this was fraudulent – including a warning from an overseas' regulator and reports from other investors who had similar experiences with T. It also shows many typical hallmarks of an investment scam. For example, an opportunity introduced through social media, promises of significant returns and risk-free trades, and a requirement to pay fees to withdraw funds which ultimately never materialise.

- While I accept Mr H was a victim, that doesn't mean Metro must automatically refund what he lost. The starting position in law for these disputed payments is that he is responsible for the payments he made, even if he was tricked.
- But this isn't the end of the matter. Metro is aware – taking longstanding regulatory expectations and requirements into account, as well as what I consider to be good industry practice at the time – that it should have been on the lookout for the possibility of fraud and should have carried out additional checks before processing payments in certain circumstances.
- Having reviewed the circumstances of these payments, I agree with our investigator that Metro ought to have been concerned about the risk of fraud when Mr H made the first payment. It was a significant £10,000 payment to a new international payee, and it was preceded by a large £20,000 credit into the account. Given it was a newly opened account, Metro had no transactional history to suggest this was normal behaviour for him.
- In these circumstances, I would have expected Metro to have stepped in to better understand the purpose of the payment by asking open and probing questions. Instead, it appears it only provided a general written warning about scams, along with the option for Mr H to find out more if he wished.
- If Metro had acted as I would have expected, I see no reason why Mr H wouldn't have responded honestly to its questions. And given the typical hallmarks of an investment scam set out above, I'm satisfied Metro could have provided a warning that would likely have unravelled the scam.
- In reaching this view, I've considered that there is no evidence Lloyds questioned or warned Mr H about the transactions it processed. So this doesn't change my view that he would more likely than not have benefitted from Metro's intervention.
- It follows that I think Metro missed an opportunity to intervene in these payments, and that this failure caused Mr H's losses. So I think it's fair to ask Metro to put things right, subject to contributory negligence.
- Mr H has accepted our investigator's finding that he should fairly share responsibility for his losses, by reducing the award by 50%. So I won't comment on this in detail. But in summary, I think it's reasonable given the significant promised returns which arguably appeared too good to be true, and the way he was encouraged to borrow to fund the investment (and likely misled the lender in the process). These are factors that are inconsistent with how genuine investment firms operate and matters I'd have expected Mr H to have been more sceptical about.
- Finally, I've noted that Lloyds was also involved in this matter, and Mr H could arguably bring a complaint against it too. But he has not done so, and I cannot compel him to. And in circumstances where Metro ought to have done more – and where I think its failure led to Mr H's losses – I'm satisfied it's fair and reasonable to require it to put things right here by refunding half of his losses, along with interest to compensate him for the period he has been out of pocket.

My final decision

For the reasons I've explained, I uphold Mr H's complaint. Metro Bank PLC must:

- Pay the total of Mr H's losses from the disputed payments, less 50% to reflect his contributory negligence. I understand this to be £12,399.80.
- Pay 8% simple interest per year on this amount, from the dates of the disputed payments to the date of settlement (less any tax lawfully deductible).

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 18 March 2026.

Emma Szkolar
Ombudsman