

The complaint

Mr O complains Metro Bank PLC unfairly closed his accounts and unfairly reported negative payment markers to credit reference agencies. He wants compensation for the impact this had on him.

What happened

The facts that led to Mr O bringing this complaint to our service are known to both parties, so I am not detailing them here.

One of our investigators considered Mr O's complaint and didn't uphold it. They found it was fair for Metro to close his accounts and call in the debt on his credit card and overdraft (attached to his current account). Mr O asked for a final decision from an ombudsman, so his complaint was passed to me to decide.

After reviewing all the information and evidence, I informed both parties I was inclined to uphold Mr O's complaint in part. I provisionally concluded:

- Metro could close Mr O's accounts based on a third-party fraud marker, and they had done so in line with the accounts' terms.
- The overdraft was repayable in full, and this was clear in their terms. Metro recording an arrangement to pay for the overdraft was reasonable in the circumstances. Metro didn't need to offer Mr O the ability to continue borrowing on his credit card after the notice period expired.
- Normally when stopping further lending on a credit card and without there being a contractual breach, a customer is allowed to make their contractual repayments until the balance is repaid. Without a contractual breach, requiring immediate repayment in full would seem a disproportionate step to take in Mr O's circumstances, and out of keeping with general industry practice.
- Generally, payments to the balance after the notice period expired on a credit card are not reported negatively to the credit reference agencies (CRAs), unless they aren't made or aren't sufficient to meet the minimum repayments. But the reason Mr O couldn't make repayments to his credit card was because of a block preventing payments to the card (unlike the overdraft). The evidence supports him trying to make payments when Metro reported missed payment markers on the credit card.

- There was insufficient evidence to show that had Mr O been able to make the minimum contractual payments on the credit card after the notice period expired that anything other than normal payment markers would have been reported to the CRAs. Neither the statements produced after the credit card closed nor the terms and conditions for the credit card, nor Metro's broader personal customer terms and conditions make it clear the full balance of the credit card became immediately due.

- Without further persuasive information I was inclined to uphold this part of the complaint and require Metro to remove the missed payment markers reported to the credit reference agencies (CRAs) on the credit card and pay him £400 for the distress and inconvenience he experienced. I wasn't satisfied Metro should pay more than this because it was likely the third-party fraud marker would have had a more profound and lasting impact on his ability to obtain credit elsewhere.

Metro agreed to my provisional outcome, but Mr O did not. Among other points he said the markers for the overdraft should be removed because he was prevented from paying into the current account. Had he been able to make payments he would have paid his balance off in full before any negative marker was recorded. He doesn't think there is sufficient evidence to show the third-party fraud marker was the cause of him being unable to obtain lending.

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.

I've decided to uphold Mr O's complaint for the same reasons above. Those reasons now form my findings for this final decision. I will focus on addressing the points Mr O made following my communication with him.

Mr O says he couldn't make payments to his overdraft. But unlike his credit card, I find the evidence supports him paying into his current account to reduce the overdraft balance. I also find the evidence indicates his circumstances were such that he couldn't reasonably pay off the overdraft in full. I say this because:

- Metro's records show he had a debit block on his current account unlike his credit card where there was both a credit and debit block.
- The credit reporting information Metro provided shows the arrangement to pay for the overdraft as having a decreasing debit balance for most months after the current account closed before the overdraft debt was cleared, showing regular payments were being made to the overdraft.
- In an email Mr O sent to Metro on 5 June 2023 he said, "Where I was able to pay money into my main account directly to clear off the overdraft same [sic] could not be said about the credit card."
- In Mr O's letter to Metro appealing the closure of his accounts he said, "I wouldn't be able to make more than my minimum payments to clear the existing credits on the account".
- In Mr O's complaint form he said he "agreed to pay in installments of 500 per month, which was more than the minimum payments, but was what I could reasonably afford accounting for my outgoings and other financial commitment".

Mr O says he took out credit cards with other providers after the third-party fraud marker was recorded and before he obtained the lending from Metro. This may be the case although no supporting evidence has been provided to demonstrate he opened other credit cards after the fraud marker and that he was able to use those accounts for the duration the marker has been in place.

Each lender has their own criteria and risk appetite to lending, which can include how they weigh missed payment markers and payment arrangements, as well as checking fraud databases. But in my experience as an ombudsman, the type of fraud marker recorded against Mr O is likely to have had a more profound and prolonged impact on lending decisions than missed payment markers or an arrangement to pay. I haven't seen persuasive evidence to indicate the problems Mr O experienced obtaining lending wouldn't

have happened had the negative payment information Metro recorded not been present while the third-party fraud marker remained.

I'm satisfied £400 is a fair sum to compensate Mr O. It's clear he went to some trouble trying to make payments to his credit card but was prevented from doing so through no error on his part. I have also no reason to doubt he was substantially inconvenienced over an extended period trying to resolve this issue, and was upset by Metro's actions, believing them to be discriminatory.

But I don't find a larger sum wouldn't be proportionate or reasonable. I say this because the overdraft was not unfairly recorded as in a payment arrangement, and I'm not persuaded he wouldn't still have experienced significant lending problems given the import of the fraud marker and the weight lenders often place on it when making lending decisions. I'm sorry to hear how Mr O says he was affected, but I haven't seen persuasive evidence provided by him to demonstrate the losses he is putting at Metro's door were primarily caused by the negative payment markers on his credit card.

Putting things right

Subject to Mr O accepting this decision by the deadline below, Metro Bank PLC should remove the negative credit information for the credit card (if they haven't already done so) and pay Mr O £400 for the distress and inconvenience they caused him.

My final decision

My final decision is I uphold Mr O's complaint. Metro Bank PLC should redress this matter according to what I have said above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr O to accept or reject my decision before 17 March 2026.

Liam King
Ombudsman