DRN-6168456

The complaint

A company I'll call C complains that Metro Bank PLC (Metro) blocked its account without notice, then closed the account and deducted various sums, before returning a reduced balance to C.

C is represented by its director, Mr C.

What happened

On 29 July 2024, Metro blocked C's account, meaning it couldn't access its funds (approximately £250,000). Mr C was unhappy that Metro had done so without consulting him first, and without explaining why, so he complained. However, Metro didn't uphold his complaint. It issued its final response to his complaint on 2 August 2024, apologising for the inconvenience caused, but stating that the block had been applied in accordance with the terms of the account. Metro said it would contact Mr C when it had more information for him.

Metro then wrote to C again on 17 September 2024 to say it intended to close C's account on 15 November 2024. Before the account closed, Metro called in C's Coronavirus Business Interruption Loan (CBIL) and settled the outstanding balance of £112,912.17, using C's account funds. It also deducted £2,077.20 in respect of legal fees it had incurred, which it said were recoverable under the terms of the CBIL.

Mr C was unhappy with Metro's actions, so he brought C's complaint to our service. He challenged Metro's authority to call in the CBIL and charge C its legal fees, and he said Metro had taken £778.79 more than it should have done in respect of the CBIL. He pointed out that the terms of the CBIL said Metro had to give 14 days' notice of the setoff, which it didn't do.

Our Investigator upheld part of C's complaint, but was satisfied that it had generally acted in line with its legal and regulatory obligations, and that it had complied with the terms and conditions of the account. However, he agreed that Metro should have given notice of its intention to call in the CBIL, and he awarded £200 in recognition of the inconvenience Metro's failure in this regard caused. He didn't award further compensation or say that Metro should reinstate the CBIL because he was satisfied that Metro was entitled to call in the loan, which meant that the impact of failing to provide notice was minimal.

Mr C didn't accept our Investigator's findings. He maintained that Metro had treated C unfairly, and he said Metro's actions had put C's employees at risk, and that he wasn't given the opportunity to remedy the breach on which Metro sought to rely. He asked for an Ombudsman to review the matter afresh.

I issued my provisional findings on 21 January 2026, in which I said:

"*Firstly, I should say that I'm aware I've summarised the events of this complaint in far less detail than the parties, and that I've done so using my own words. The reason for this is that*

I've focussed on what I think are the key issues here, which our rules allow me to do. This approach simply reflects the informal nature of our service as a free alternative to the courts. And I'm satisfied I don't need to comment on every individual argument to be able to reach what I think is the right outcome in this case. So, if there's something I've not mentioned, it isn't because I've ignored it, and I must stress that I've considered everything that both Mr C and Metro have said, before reaching my decision.

Account block

All banks in the UK are strictly regulated and must take certain actions in order to meet their legal and regulatory obligations. That sometimes means they need to restrict customers' accounts while they carry out a review. The circumstances in which a bank must take such actions are fluid and may change at any given time depending on various factors.

So, in order to make an award in favour of C, I would need to be satisfied that Metro acted unfairly or took actions it wasn't entitled to take, given all of the circumstances that were present at the time it decided to review C's account. And, having looked at the evidence both parties have provided, I'm satisfied Metro acted in line with its legal and regulatory obligations when it blocked and reviewed C's account. And that it was entitled to do so under the account terms and conditions that governed the relationship.

And, while I appreciate Mr C is frustrated that Metro won't explain its reasons in full, under the terms and conditions of the account, Metro doesn't have to explain itself. So, I won't tell Metro to disclose its reasons to Mr C.

Metro has though disclosed its reasons to our service and, while I understand that won't reduce Mr C's frustrations, I hope he can take some comfort from the fact that I have independently reviewed Metro's actions. And that I would have upheld C's complaint if I wasn't satisfied Metro had acted fairly and reasonably.

While I don't doubt Metro's actions caused C problems and disrupted its commercial activities, I won't ask it to compensate C for blocking the account, because I don't consider it did anything it wasn't entitled to do, or treated C unfairly, considering all of the circumstances of this complaint.

Account closure

Metro is entitled to close an account with a customer, so long as it does so in a way that complies with the terms and conditions of the customer's account. The terms and conditions of C's account – with which both Metro and C had to comply – say that Metro could close the account by giving two months' notice, or immediately in certain circumstances, which are listed in the terms and conditions. Given the account remained blocked during the notice period, C was deprived of much of the benefit of the notice period, so I have considered whether or not Metro was entitled to close the account without notice.

I understand Mr C wants to know why Metro closed C's account, but Metro isn't obliged to disclose the reasons for its decision to Mr C, so there's not much more I can say. I've considered Metro's rationale and I've reviewed the evidence it submitted in support of its decision. Having done so, I'm satisfied that Metro's actions were in line with its legal and regulatory obligations, and the standards our service expects of banks in these circumstances. And I'm satisfied it was entitled to close C's account in the manner it did.

The CBIL

The terms of C's account say that C must repay any money it owes Metro when the

agreement ends, or when Metro closes C's account. They also state that Metro can offset money in C's account against money owed to Metro. While I understand Mr C doesn't believe Metro was entitled to call in the CBIL, I'm satisfied that Metro was entitled to do so under the terms that govern C's relationship with Metro. The account was closed, and Metro called in the loan and paid it off with C's funds, all of which is provided for in the account terms and conditions.

While Mr C complains that he wasn't given the opportunity to remedy the breach, given what I've said above there was nothing Mr C could have done to remedy the breach: Metro had decided to close C's account on the back of its review, and there's nothing that Mr C could have done to change that.

Mr C does rightly point out that the terms say that Metro will give notice of its intention to offset. The terms say Metro will "generally tell you personally 14 calendar days before doing so, unless we reasonably think that you may move the money to prevent us from doing this". It's true that metro didn't provide such notice, and our Investigator awarded £200 in view of this omission. However, I don't agree Metro should pay compensation here. I'll explain why.

Given the account was blocked, there was no reasonable prospect of C moving the money away, so on the face of it, Metro didn't comply with the requirement here. And it hasn't provided our service with a reasonable justification for not issuing notice. However, I've thought about what impact this breach had on C, and I've thought about what would have happened, had Metro given the correct notice.

Having done so, I don't think C would be in a materially different position: C wouldn't have received any worthwhile benefit, had it received notice, nor was it caused any harm as a result of not receiving the notice. The account was blocked, so there was nothing C could have done to change things. And I haven't seen any evidence to demonstrate C lost out as a result of not receiving notice.

Regardless of whether or not Metro served notice, it still would have called in the loan and used the funds in the account to settle the debt, without C being able to take any action. In fact, had Metro served 14 days' notice instead of calling the debt in immediately, C would have incurred a further 14 days' interest. So, it actually would have been in a worse position financially, had Metro served notice.

I can see Mr C experienced a degree of personal distress/exasperation because he considers Metro should have served notice. But Mr C is not Metro's customer here: C is. C is a limited company and as such cannot experience distress, and so I would only ordinarily make an award here if C experienced inconvenience or suffered some kind of financial loss because of Metro's actions. And I can't see that either of those happened, so I won't ask Metro to pay compensation for failing to serve notice. And given the failure to serve notice didn't cause any material detriment, I'm not persuaded the lack of notice should deny Metro's right to settle the debt with C's funds. Even if I were to take a different view, Metro could simply serve notice now and put the ink back in the bottle.

Finally, Mr C also suggested that Metro had taken £778.79 more than it should have in respect of the outstanding balance due on the CBIL. Metro has explained that this sum represented 26 days of interest on the figure Mr C is referring to. It has also provided our service with the statements for the loan account, and I can see that the correct sum was indeed taken, in respect of the debt.

The closing balance on 21 October 2024 (being the day Metro called the loan in) shows as £112,912.17, which is the sum Metro took from C's account. And the previous entry, 26 days earlier, showed a figure of £112,133.38, being £778.79 less than the final figure. The

statement shows the sum of £778.79 being added in respect of "interest applied", and I'm satisfied Metro made no error in calculating the sum due to settle the CBIL: the difference Mr C refers to was simply interest that had accrued since the last figure Mr C saw.

Legal fees

While I haven't upheld any of Mr C's complaints so far, I do take a different view to that of our Investigator on the point of legal fees. Our Investigator took the view that Metro was entitled to recover the legal fees it incurred from C, in accordance with its terms of business. However, having reviewed that point and investigated it further, I don't agree Metro acted reasonably here.

Metro has set out to me why it took legal advice, and why it feels it was entitled to recover its legal fees from C. Metro doesn't wish to share the full details of its decision with C, and I'm satisfied it isn't obliged to do so, in the circumstances of this particular complaint. As such, I've received the information provided in confidence, which our rules allow me to do.

Before issuing this decision, I explained to Metro why I didn't think it had acted fairly and reasonably in recovering its legal fees from C. I asked for a further explanation and evidence in support of Metro's position, but I didn't receive a reply that changed my view. And while I accept there may be circumstances in which Metro could reasonably recover legal fees from a customer under its terms of business, I'm not persuaded that those circumstances were present here. And so, I'm minded to tell Metro to reimburse C the sum of £2,077.20, being the amount it charged C in respect of its legal fees."

I asked both parties to provide further comments or evidence by 4 February 2026. Mr C responded saying he remained suspicious of Metro's motives, given the lack of transparency. He felt this meant he was unable to properly respond, given he didn't know what the allegations against him were. He also made the point that CBILs were Government-backed loans, designed to help small businesses continue to trade through the coronavirus pandemic. And he repeated his request for the CBIL to be reinstated.

Metro also contested my findings in its reply. It explained that the legal fees had been incurred as part of a standard security review, following an event of default in relation to the CBIL. It referred to an opinion issued by an Investigator (not an Ombudsman) on a previous case in connection with a buy-to-let mortgage complaint, in which our Investigator had said it was reasonable for Metro to recover legal fees incurred in connection with a security review.

I considered everything I had seen from both parties and raised further enquiries of both Mr C and Metro. I told Metro that on reflection, I wasn't satisfied that Metro had acted reasonably in calling in the CBIL. I explained that I wasn't satisfied with Metro's response to my enquiries, I set out why I had raised those enquiries, and I explained why I was no longer satisfied Metro had acted reasonably in calling in the CBIL.

Again, given the nature of the review, I won't set out the details of my questions to Metro here, and I have received Metro's replies in confidence, as our rules allow me to do. I recognise this will frustrate Mr C, but I'm satisfied it is appropriate to maintain confidentiality here, for the reasons I've previously set out. And I thank Mr C for his understanding in this regard, even if that understanding is (perhaps understandably) a little reluctant.

I explained to Metro that I was going to uphold C's complaint, and I asked it for its proposals in connection with compensation. I raised that specific enquiry because CBILs are no longer available, and because of logistical difficulties Metro would experience in incepting a new loan on equivalent terms to a customer with whom Metro has no relationship.

In my email to Mr C, I explained that I was reconsidering my position, and I asked him to provide evidence of financial losses C had suffered as a result of Metro calling in the CBIL. I explained the difficulties with reinstating the CBIL and I said I may consider awarding compensation instead.

When Metro replied, it said that the legal costs were incurred "*to establish, protect, or enforce rights following a potential default*" and it maintained it was entitled to recover the same from C. It did provide further information regarding its review of C's account, but nothing that was substantially different to what it had previously provided. Finally, it confirmed that it would not be possible to reinstate the CBIL, but it didn't provide any alternative solutions, despite my request for it to do so.

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.

This is a finely balanced case. Because I haven't received any persuasive arguments on the points of the account block and closure, I have nothing further to add to what I have said in my provisional decision. And so, it follows that my final position on those points remains unchanged.

However, the contentious issues here are the legal fees and the CBIL. On reflection, and for the reasons I set out to Metro ahead of issuing this decision, I'm not satisfied it acted reasonably in calling in the CBIL here.

I accept that Metro is entitled to call in a CBIL in certain circumstances, but when doing so it must be able to demonstrate that such actions are reasonable, and so Metro's discretion here is not unfettered.

The conditions, rules and requirements that apply to CBILs are different to those that apply to current accounts. And our service's approach to termination of each of these products is distinct, not least because a bank account can be replaced relatively easily. Whereas the same cannot be said of a credit facility, particularly a CBIL. And the consequences of terminating a CBIL are usually more severe than the consequences of terminating a current account, in no small part because CBILs were introduced to help businesses that might be struggling to operate successfully throughout the coronavirus pandemic.

As such, I've looked at all of the evidence Metro sent our service, in support of its decision to terminate the loan, and I've considered whether or not it treated C fairly. Having done so, I'm not persuaded that metro acted fairly and reasonably in calling in the CBIL. I'll explain why.

As I've already said, Metro isn't obliged to disclose the reasons for its decision to close C's account to C, so I won't go into detail about the evidence and rationale Metro has submitted. However, while I can see Metro had concerns about retaining C as a customer that were born out of the initial review, I haven't seen evidence to demonstrate its review identified sufficient grounds to justify withdrawing the CBIL.

I should say that I'm satisfied Metro's intentions in commencing its review and recalling the CBIL were reasonable, and I understand why it decided to do so. And it is not for me to set out exactly what steps Metro should follow before terminating a CBIL: that is a matter for Metro to decide, and those steps will vary from case to case. So, to be clear, I've decided this complaint based on the facts particular to this case and what I consider to be fair and reasonable.

With that being said, Metro hasn't demonstrated a level of concern that would justify recalling a CBIL in this instance. It has said why it doesn't want C as a customer, but beyond explaining the reasons for its concerns, it hasn't provided sufficient evidence to demonstrate why its concerns give rise to reasonable grounds for recalling a CBIL in these circumstances. And the bare concerns Metro had would require further corroboration in order to justify withdrawing C's CBIL. I don't underestimate the concerns Metro had here, it's simply that Metro hasn't provided sufficient evidence to persuade me that those concerns justified recalling the CBIL.

As I've said above, there is a higher bar for recalling a CBIL than there is for closing an account and, based on what Metro has told our service, it called in the CBIL because the account closure triggered a breach of the CBIL, which Metro considers entitled it to demand repayment in full. And I don't consider that to be a reasonable justification in this case.

To be clear, I'm not denying Metro's right to recall a CBIL in certain circumstances, and had Metro evidenced its concerns in greater detail, or carried out further investigations that resulted in additional evidence coming to light, I may have reached a different outcome. But as I've said above, I have to assess each case on its own merits, and on this occasion, I'm not persuaded there were further reasons beyond what Metro has told our service, and I'm not persuaded Metro has done enough to demonstrate its actions were reasonable. And it hasn't demonstrated the level of exploration I would expect to see in order to justify calling in a CBIL.

In terms of what metro should do to put things right, I won't tell it to reinstate the CBIL. Doing so would necessitate taking C back as a customer, and Metro has made it clear that it doesn't wish to provide banking services to C anymore. There may be times when I would disregard such a wish, but because of the circumstances of this complaint, I don't consider it would be appropriate to do so.

With that being the case, I've thought about what Metro should do to put things right for C. I invited Metro to submit proposals, or to call me to discuss proposals, but it declined to do so. With that being the case, I've assessed C's losses based on Mr C's submissions.

Mr C said the CBIL was taken out in 2020 to provide a cash infusion, and that he had to make considerable business adjustments since the loan was called in in October 2024, including trimming payroll and staff, relocating to a smaller office, entering into alternative payment arrangements with suppliers, and entering a time-to-pay arrangement with HMRC.

However, while I don't doubt Metro calling in the loan caused significant harm to C, I haven't seen sufficient evidence to support what Mr C has said. He did make submissions, but didn't provide evidence in support, for example proof of redundancies made, evidence that the re-location was caused by Metro calling in the CBIL, or evidence of changes in payment terms owing to cashflow issues. Any award I make must flow from Metro's mistake, and I haven't seen sufficient evidence to demonstrate that the impact Mr C describes was caused by Metro calling in the CBIL.

While I note that C took the CBIL in 2020 to provide a cash infusion, that time has of course long since passed. And the real impact on C here was losing the sum of £112,912.17, being the amount Metro took from C's account to settle the loan. I did ask Mr C to provide evidence of steps C took to mitigate its losses, but I didn't receive any evidence to corroborate his submissions. And I didn't see evidence of steps C took to find alternative funding, or to increase availability of cash, in light of the CBIL being repaid.

With that being the case, I can't say what steps C took to mitigate its losses here, and I would expect a business to take reasonable steps to mitigate its losses in circumstances

such as these. To be clear, I'm not saying that Mr C didn't take actions to protect his business, just that I haven't seen satisfactory evidence of those actions.

Despite that though, I think it's clear that losing access to £112,912.17 would have caused C a substantial level of inconvenience here. C no longer has to make the monthly repayments of course, which were significant, or incur interest on the debt, but that benefit is outweighed by the loss of access to the funds. Without evidence showing what impact that had though, it's hard to establish an accurate figure, and while Mr C has made statements about the problems this caused, he hasn't provided a figure of his estimated loss.

Ultimately though, I'm satisfied that C would have suffered serious disruption over a sustained period of time. And, based on C's account statements, I can see that £112,000 was a significant sum of money to C. All things considered, I consider a payment of £1,000 must be made, in recognition of the inconvenience caused.

The above payment is in recognition of the inconvenience experienced by C, and not any personal distress experienced by Mr C. I'm not able to make an award for distress here because C, and not Mr C, is Metro's customer. And C is a limited company, which of course can't experience distress.

Given that I have said Metro didn't act reasonably in calling in the CBIL, it follows that I don't consider it was reasonable to charge C legal fees that were incurred as a result of Metro's decision to call in the CBIL. So, Metro must also refund the £2,077.20 it deducted from C's account, in respect of legal fees. I don't doubt Metro can recover fees under that clause in some situations, all I'm saying is that doing so here wasn't reasonable.

The final point Mr C made in his reply to my provisional findings was that Metro should refund the final month's interest in respect of the CBIL, given the CBIL was effectively suspended. However, because I'm satisfied Metro was entitled to block the account and carry out a review, I'm not persuaded that any interest accrued unfairly as a result of an error on Metro's part, and so I won't tell Metro to reimburse interest on the loan.

My final decision

My final decision is that Metro Bank PLC must pay C:

1. £2,077.20, being the amount it deducted from C's account balance to settle its legal fees; and
2. £1,000 in recognition of the inconvenience caused to C.

Under the rules of the Financial Ombudsman Service, I'm required to ask C to accept or reject my decision before 20 March 2026.

Alex Brooke-Smith
Ombudsman