

The complaint

A company I'll call A complains that Metro Bank PLC (Metro) blocked its account without notice, then closed it's account without explaining why.

A is represented by one of its directors, Mr R.

What happened

On 30 June 2022, Metro blocked A's account while it carried out a review. The block meant A couldn't make or receive payments, so A struggled to continue to trade while the block was in place. When Mr R complained, Metro wouldn't say why it had blocked the account and wouldn't give a deadline for completion.

However, Metro completed its review the following day and decided it didn't wish to bank with A any longer, so it issued a letter giving A two months' notice of its intention to close A's account. The account remained blocked during the notice period, although the account balance was released to A on 8 August 2022.

Metro issued its final response to A's complaint on 29 July 2022. It said it had acted in line with its terms of business when it blocked and closed A's account, and it set out the steps Mr R would need to take to obtain release of A's account balance.

Metro did apologise for failing to return a call and offered to pay £50 in compensation to reflect the poor service provided. But ultimately, it didn't do what Mr R was asking, so he brought A's complaint to our service.

Metro later released A's funds, but Mr R still wanted to know why Metro had blocked and closed A's account. And he said 15 payments from A's customers made between 11 May and 23 August 2022 had gone missing. So, he wanted an explanation from Metro, for the missing payments to be refunded, and to be paid compensation.

Our investigator looked at A's complaint, but didn't uphold it. She was satisfied Metro had acted correctly in blocking and closing A's account. And she hadn't seen any evidence that showed Metro had retained the missing payments. Mr R didn't accept our investigator's findings, so he asked for an Ombudsman to review the matter afresh. He was later able to trace 8 of the missing payments and provided an updated list of 7 payments he couldn't locate.

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.

On 7 March 2024, I issued a provisional decision. In it, I said:

"I should start by explaining what our Investigator meant when she said she thought Metro had acted fairly and reasonably. When our service assesses complaints, we look at all of the circumstances of the individual complaint in question. Among other things, we consider any

contractual, legal and regulatory obligations that apply to the parties, along with things like good industry practice and of course the evidence and submissions provided by both parties. We then weigh all of the relevant information to assess whether we think the business has acted fairly and reasonably in light of the particular circumstances of the case in hand.

And so, we may decide that a bank has treated a customer “fairly and reasonably” because we are satisfied it has complied with its various legal and contractual obligations, even in circumstances when the customer has suffered detriment. In those circumstances, we would only usually hold a bank responsible for its customer’s losses if we were satisfied it had done something wrong.

And conversely, if we’re satisfied the bank had taken all of the steps it was supposed to, we are likely to decide that it has treated its customer “fairly and reasonably”, despite an obvious negative impact on the customer. Because we assess each case on its individual merits, the above is only intended as a general overview. But I hope it helps to explain what might otherwise feel contradictory.

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 A, 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 block and review A’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 A’s account. And that it was entitled to do so under the account terms and conditions that governed the relationship between Metro and A.

I appreciate Mr R is frustrated that Metro didn’t explained its reasons in full, and that he feels strongly about A’s complaint. But, under the terms and conditions of the account, Metro doesn’t have to give a reason for doing so. So, I can’t say it did anything wrong by not giving A this information when Mr R complained. And, having investigated Metro’s rationale myself, I’m satisfied it was entitled to block the account and complete the investigation in the manner it did. And I’ve seen no evidence to suggest it treated A unfairly.

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

Account closure

A bank 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 A’s account – with which both Metro and A had to comply – say that Metro could close the account by giving 2 months’ notice. And Metro referred to section 13.2 of its terms of business in its final response to A.

While I can’t disclose the reasons for Metro’s decision to A, I can say that I’ve considered the evidence I’ve been provided, and I’ve weighed that evidence against s13.2 of the terms of business. And having done so, I’m satisfied Metro acted in accordance with its terms and conditions when it closed A’s account.

Metro isn't obliged to disclose the reasons for its decision to block or close A's account to A, and I've seen no basis on which I might reasonably compel it to do so against its wishes. It has disclosed its reasons to our service and, while I understand that won't reduce Mr R's frustrations and that Mr R might not accept my decision, I hope he can take some comfort from the fact that I have independently reviewed Metro's actions. And that I would have upheld A's complaint if I wasn't satisfied Metro had acted fairly and reasonably.

Missing payments

Turning to the missing payments, Mr R first provided our service with a list of 15 payments that he said had gone missing. Those payments ranged from between 11 May 2022 and 23 August 2022. Mr R was able to trace some of those payments though and later provided an updated list of 7 missing payments, dating from 4 to 18 July 2022, so I've looked at those 7 only.

Metro told me that they searched for the payments but weren't able to find them on A's account, which they said meant either that the transactions weren't completed through A's Metro account, or that they had bounced back. And I can see that no payments credited the account after 30 June 2022 until 27 July 2022 which covers the period of the missing transactions in question.

Based on the information I have, and on the balance of probabilities, I'm not persuaded Metro has retained the missing payments. They were all made during a time when the account was blocked, and I've seen evidence to show that credits to the account were blocked, which is supported by the fact that none of the payments show on A's statement. And Mr R was able to trace half of the payments originally thought to be missing, 2 of which were made while the account was blocked, which supports what I say about the payments not having credited to A's account.

With that being said, I will reconsider the matter if Mr R is able to provide further evidence to show the payments didn't credit the senders' accounts. And I've allowed a period for him to provide such evidence before I issue my final decision"

I gave both parties until 4 April 2024 to make final submissions or submit further evidence. Metro didn't reply, but Mr R replied saying, among other things, that he didn't feel Metro had treated him fairly. However, Mr R didn't submit any further evidence relating to the payments he claims are missing.

I recognise what Mr R says about the lack of explanation and why he feels he has been treated unfairly, but I've already set out the reasons why I don't consider that to be the case in my provisional decision. And because neither party submitted anything that changes my position, I see no reason to alter the terms of my provisional decision.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask A to accept or reject my decision before 3 May 2024.

Alex Brooke-Smith
Ombudsman