

The complaint

A, a limited company, complains that Metro Bank PLC warned them their account could be closed after there was a dispute about a payment into their account. They would like an apology for this.

What happened

A holds accounts with Metro. In October 2022 the bank received a report that a payment A received of £500 was fraudulent. They began a review and asked for further information about the nature of the payment.

The same day A provided Metro with details of the payment. Metro reviewed the information and decided A had received the funds legitimately. They took no further action on the account. But they sent an email to A saying as this was the first time there were any claims, they'd be giving a warning and any further claims will result in the account closure.

A complained to Metro, saying they had requested details of the claim against them but not received a response. They also were unhappy a warning had been given against them when no wrongdoing had been found, and this had damaged their reputation.

Metro responded to say that while the warning wasn't necessarily nice to receive, they have to take fraud and scam cases seriously. They said they had outlined the reasons an account could be closed, but hadn't stated any of these reasons directly applied to A.

Not satisfied with this answer, A referred their complaint to our service. One of our investigators looked into what happened. Metro accepted the wording in the email had been incorrect and should not have included a warning. The investigator thought there had been a breakdown in communication between the parties, and accepted Metro had used the wrong template. They also thought the warning could potentially have damaged A's reputation. And suggested Metro pay A £100 in compensation to reflect this.

A rejected this as an outcome – saying that they had had conversations with the bank, all of whom had declined to withdraw the warning or provide clarity on the bank's position. They said they were at risk from spurious accusations. They asked for an apology and did not feel the cash payment was a suitable resolution. As no agreement could be reached the complaint has been passed to me to decide.

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.

The facts of this case aren't in dispute between the parties, so I'll mention them only briefly. I'd also like to assure A I have read and taken on board all their submissions. If there's something I've not mentioned in this decision, it's because I don't consider it necessary in reaching a fair outcome.

There was a report of fraud from a third party about a payment made to A, so it's right that Metro investigated and asked A for further information. Metro reached a reasonable conclusion that this wasn't fraud, and there was no further action required on their part.

Reading the email sent to A it does expressly say that it was a warning, and any further events would result in the account closure. So, I can understand how this would be alarming, as it was accepted they have done nothing wrong. And the further correspondence from Metro doesn't say this warning was withdrawn or clarified. Had this been done so, I think the issue could have been resolved earlier.

I accept what Metro are now saying that the wording of the email wasn't correct. They should have made it clearer that A had not done anything wrong. That they didn't has caused disruption to A, as their director has had to spend time to resolve this matter.

I've seen nothing to suggest the email caused any specific financial losses to A. But I'm mindful that there was potential damage to A's reputation, as well as the inconvenience of trying to resolve a situation with Metro where they have done nothing wrong.

Considering how to resolve this complaint, I've thought about A's request for an apology. But it's not possible for me to direct the tone or sincerity of an apology from Metro. Instead, I think it's more appropriate to award compensation.

In this case as the complainant is A itself, I can't award anything for the frustration experienced by the director personally. But as mentioned above I'm satisfied that Metro have caused inconvenience to the running of the business. This wasn't for a long period, and I've not seen anything to suggest a significant ongoing impact. But, on balance I'm satisfied that an award of compensation is appropriate, and £100 is a fair figure.

My final decision

My final decision is that Metro Bank PLC must pay A £100 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask A to accept or reject my decision before 24 November 2023.

Thom Bennett
Ombudsman