

The complaint

X complains that Metro Bank PLC declined to open an account on her behalf. X is also unhappy about the service Metro provided during the application process.

What happened

X used to have an account with Metro. However, X closed this account in 2019 when she moved overseas. X has since returned to the UK and in November 2022, she visited a branch and applied to open a new account with Metro. However, following X's application Metro completed further checks and said they wouldn't be able to offer X an account.

X said Metro didn't tell her that her application had been declined. She says she only found out she hadn't been successful when she visited a branch a few weeks after making her application. When she did X says staff told her that her application had been declined due to her credit history. However, when she asked for an explanation, the bank said it wasn't obliged to provide her with the reasons behind its decision.

X complained to Metro. She wants Metro to provide a proper explanation why it doesn't want her as a customer. She said the bank should at least have offered her a basic bank account. In response, Metro apologised and explained that as a result of checks it had decided it wasn't able to offer X an account. And that it wasn't obliged to provide X the reasons behind its decision.

X wasn't happy with this response and brought her complaint to our service. She said Metro provided her with poor service and should have at least let her know it had decided not to offer her an account. She also said Metro had provided contradictory explanations – first saying there was an issue with her credit issue and then refusing to tell her why it refused her application. So, she says Metro is not being truthful and secretive.

One of our investigator's looked into X's complaint. She said all applications for accounts are subject to further checks and that Metro hadn't done anything wrong when it decided not to offer X a bank account. She said that Metro didn't have to provide X with an explanation about why it didn't want her as a customer. However, she said Metro's service had fallen short because she wasn't satisfied Metro had told X her application had been declined. She said Metro should pay X £50 compensation for the trouble and upset she was caused by its poor communication.

X disagreed. She wants to know why Metro refused her application and is unhappy that Metro didn't let her know. She said Metro provided contradictory explanations, which meant she wasted time trying to sort things out, which was stressful and frustrating. So, she says £50 compensation doesn't adequately reflect the amount of trouble and upset she suffered. To put things right she wants £5,000 compensation donated to a charity of her choice.

As no agreement could be reached the matter came 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.

It's clear based on what X has told us, that she is keen to have an account opened with Metro. So, I can understand she was disappointed and upset when her account application was declined.

Ultimately, what I need to decide is whether Metro treated X fairly in refusing to open the account she wants. Firstly, banks are entitled to decide for themselves whether to do business or continue doing business with someone if they don't consider it appropriate to do so. That's because it has the commercial freedom to decide who it wants as a customer. And unless there's a good reason to do so, this service won't usually say that a bank must keep a customer. But they shouldn't decline to open an account without proper reason, for instance of unfair bias or unlawful discrimination. And they must treat new and existing customers fairly.

Metro has explained that it is a normal part of its process to conduct further checks after an account has been opened, which included looking at information recorded at credit and fraud prevention agencies. It makes this clear in its terms and conditions which state

'When you apply for any of our accounts or services, we will make various checks to assess whether you are eligible for the account or service, to check your identity and to prevent and detect crime and money laundering. We can refuse to open an account for an existing customer or a potential customer.'

I haven't seen anything to suggest that Metro treated X's application differently. Following completion of these checks Metro decided it wasn't able to offer X an account. Metro is entitled to do this.

I've next gone on to consider whether Metro's reason for closing the account was fair. In doing so, I appreciate that Metro is entitled to set their own policies and part of that will form their risk criteria. It is not in my remit to say what policies or risk appetite Metro should have in place. I can however, while considering the circumstances of individual complaints, decide whether I think customers have been treated fairly.

Metro has provided some further details of its decision making process, I'm sorry but I can't share this information with X due to its commercial sensitivity. But I've seen nothing to suggest Metro's decision around declining X's account application was unfair. On balance when considering Metro's wider regulatory responsibilities and all the information available to me, I find Metro had a legitimate basis for declining to offer X an account and not tell her why. So, I don't find Metro treated X unfairly.

I understand of course why X wants to know the exact reasons behind Metro's decision, other than what she's been previously been told. And I can see that X has asked Metro to explain itself on several occasions. But Metro is under no obligation to tell X the reasons behind its decision, as much as she'd like to know. So, I can't say it's done anything wrong by not giving X this information. And it wouldn't be appropriate for me to require it to do so.

X says Metro gave her different explanations about why it didn't want her as a customer when she visited a branch – initially saying that this was due to her credit history. And then saying it couldn't tell her why. So, she says Metro has lied to her and treated her without care. Whilst I don't doubt X has provided her honest recollections of what she was told, I can't be sure what was said as I wasn't there. Metro has also said there aren't any records of

its conversations with X in branch. So, I'm not able to say it is more likely than not that Metro gave X conflicting information about why it didn't want her as a customer.

X says Metro didn't let her know that her application had been unsuccessful, and she only found out when she followed things up with the bank. Metro says it called X to let her know, but it's not been able to provide any evidence to show that this happened. The bank also hasn't been able to show it sent X any emails or letters with the outcome of her application. It appears X was only made aware she'd been unsuccessful after she made a complaint to the bank. So, I'm persuaded that Metro's communication could have been better and its service fell short of what X could expect in this particular case.

I can see that X had to spend time sending emails and visiting a branch to find out what was happening with her account application. So, I'm satisfied that X was put to some trouble and upset. The investigator has recommended Metro pay X £50 compensation to recognise this. Metro has accepted it should have provided X with better service. It has apologised and agreed to pay the compensation recommended by our investigator. X says this isn't enough. She wants £5,000 compensation to be paid to a charity of her choice.

I've considered what X has said about the impact Metro's poor service had on her and what would be a fair outcome for this complaint. Our awards are not designed to punish a business and there isn't a set formula that we use to calculate awards for particular mistakes or poor service. It's my role to consider what impact Metro's actions have had on X and decide, within guidelines set by our service, whether compensation would be appropriate in the circumstances. I'm satisfied that Metro have let X down with its poor communication. And that compensation is appropriate for this.

Although X wants more compensation, I'm satisfied that £50, is fair and proportionate to the trouble and upset X was caused. Considering the overall circumstances of this complaint, I'm not persuaded to award X more compensation.

In summary, I appreciate that X will be disappointed by my decision, and that X was upset and inconvenienced by Metro's actions, but for the reasons, I've explained, I'm not going to ask Metro to do anything more to resolve her complaint.

My final decision

For the reasons I've explained, my final decision is that I partly uphold this complaint. To put things right Metro Bank PLC should:

- Pay X £50 compensation for the trouble and upset its poor communication caused her in this matter.

Under the rules of the Financial Ombudsman Service, I'm required to ask X to accept or reject my decision before 11 March 2024.

Sharon Kerrison
Ombudsman