

## **The complaint**

Miss S complains that Metro Bank PLC performed a credit search on her credit file without her consent.

## **What happened**

Miss S says that Metro wrote to her on 31 August 2023 with an account closure notice, but on 4 September 2023 they performed a credit search on her credit file. Miss S says that Metro had no legitimate reason to carry out a credit search and she had not consented to it. Miss S made a complaint to Metro.

Metro did not uphold Miss S' complaint. They said the credit check was not a hard credit search. It was a soft search which they use for background checks and not for lending eligibility. Metro said that when these types of searches are run, they are only visible to the credit reference agency (CRA) and the named person, and they cannot be viewed by any other bank or institution accessing Miss S' credit file. They said that this type of search has no impact on her credit score.

Metro said they do not need to gain consent to run this type of check as they are required to complete regular checks on their customers and carry out ongoing due diligence. They said this check was carried out in line with their usual process when ending a banking relationship with a customer. Miss S brought her complaint to our service.

Our investigator did not uphold Miss S' complaint. She said Metro explained that in accordance with their due diligence at the time Miss S was going through the account closure process, the soft search was completed as part of the regular checks they carry out on their customer's accounts. As Miss S' account hadn't closed until November 2023, it is possible that her account would be subjected to the standard level of checks and monitoring completed by the bank as part of their day-to-day activities.

Our investigator said soft checks are not only used by financial institutions when Miss S is enquiring about a credit facility, a soft check can be used as part of the background checks that are completed by a business she already has an existing relationship with. She said as Miss S was an existing customer and had already agreed to their terms and conditions then Metro didn't require further consent. Miss S asked for an ombudsman to review her complaint.

## **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.

Miss S has made a number of points to this service, and I've considered and read everything she's said and sent us. But, in line with this service's role as a quick and informal body I'll be focusing on the crux of her complaint in deciding what's fair and reasonable here.

I'd like to explain to Miss S that it is not within this service's remit to tell a business how they

should run their procedures, such as when they should run credit checks to meet any legal or regulatory duties they need to follow. It would be the role of the regulator – the Financial Conduct Authority, who have the power to instruct Metro to make changes to their policies and procedures, if necessary.

This decision will only focus on the credit check that was carried out on Miss S' credit file, and not the account closure, as the account closure has a separate complaint reference at our service.

I've noted the strength of feeling that Miss S has that Metro should not have carried out the credit check and she did not give her consent for them to do so. In addition, they carried out the credit check even after they notified her that they were closing her account.

I've looked at Miss S' application form when she applied for the account in 2018. In the declaration section of the application form it says "*Your Cash Account will be subject to "Our Service Relationship with Personal Customers".*" It also says "*Before signing this form you should carefully read the document "Our Service Relationship with Personal Customers". By signing this form you acknowledge receipt of the details of Financial Services Compensation Scheme Information sheet. If there is any term that you do not understand, then please discuss it with a Metro Bank Customer Service Representative before signing.*"

Miss S has forwarded to our service a copy of the "*Our Service Relationship with Personal Customers*". So I'm satisfied that she is aware of this document. So this is the document which details the terms and conditions. Section two of this document sets out data privacy and Metro will process her personal data. It gives her a website to view this. So I've clicked on this link to see what they say about how they will process her personal data.

Metro's privacy policy shows the purpose of processing data and the lawful basis for them doing so. One of these purposes is "*For security, credit, identification and verification purposes.*" And the lawful basis for this is given as "*Legal obligation (e.g. compliance with our Anti-Money Laundering and Know Your Customer obligations)*". So I'm satisfied that Metro were entitled to carry out checks on Miss S as part of the agreement – which she signed to accept this on 19 March 2018. The privacy policy also sets out data they can share with a CRA. The privacy policy shows that Metro:

*"We may share your personal data with credit reference agencies:*

- *to check your identity and verify the accuracy of the data you provide to us*
- *to help us understand whether or not we think you can afford any credit facility you apply for*
- *to assess your creditworthiness and decide if you are eligible for an account, service or facility*
- *to trace and recover debts*
- *to manage your account(s)*
- *to prevent criminal activity, fraud and money laundering."*

So I'm not persuaded that Metro acted outside of the agreed terms/privacy notice by carrying out a soft credit search in line with the above scenarios which they set out. In order for them to verify the data they conducted a soft search. And this had no impact on Miss S' credit file as no other party apart from the CRA, Metro, or Miss S would be aware of this. And Metro confirmed this would not be available to see by a third party such as another bank.

Miss S would have given her consent to Metro doing this when she signed the application form, so I'm not persuaded that she needed to provide her consent every time Metro carried

out one of these checks. As the application form said *“If there is any term that you do not understand, then please discuss it with a Metro Bank Customer Service Representative before signing”*, then it would have been proportionate for Miss S to object to this, and not sign the application form if she didn't want Metro to complete these checks.

But as Miss S signed the application form, then I'm not persuaded that Metro have acted outside of how they should have done, even if her account was going to close in November 2023, the account was still open when they completed the check. So it follows that I don't require Metro to do anything further.

### **My final decision**

I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss S to accept or reject my decision before 21 March 2024.

Gregory Sloanes  
**Ombudsman**