

## **The complaint**

A company which I will refer to as 'L' complains that Metro Bank Plc gave them an incorrect information when they made a payment abroad, and that resulted in a financial loss.

## **What happened**

In April 2023, L had to make a payment to one of its service providers based in Europe. L's director (who I will refer to as Mr W) says that he was not able to process the payment online. So, he called the bank and a member of staff helped him put through the payment. During the conversation, Mr W asked the staff member whether the recipient's IBAN matched the payee's name. The staff member confirmed that it did.

Unfortunately, the recipient's bank returned the payment. When the payment was returned, it appears that due a combination of charges by the recipient bank and exchange rate difference, L's account was re-credited with about £380 less than what L initially paid.

It is not entirely clear why the payment was returned but when Mr W changed the payee's name and put the payment through again two days later it went through. So, it appears that the payment initially did not go through because the payee's name on the payment instruction did not match the name on the account.

Mr W says that had the bank not incorrectly told him that the payee's name matched the IBAN, he would have first verified that the payee's name was correct by making a small test payment. But because of the bank's assurance, he went ahead with the full payment thereby incurring the loss of about £380 when the funds were returned. Therefore, he says that bank should reimburse him this loss.

I see that when L made the payment again, the account was debited by about £30 less, possibly due to more favourable exchange rate by then. So, it seems the net loss is around £350.

In addition to this, when the payment was sent again, the bank made a SWIFT transfer which resulted in a £25 charge to L. Mr W says the bank should have made a SEPA transfer and had it done so this charge wouldn't have been incurred.

Further, he says that due to the bank's initial error and subsequent handling of this matter, he had to spend several hours unnecessarily to sort this issue out and hence he should be compensated for this.

The bank did not uphold the complaint. It said that it correctly followed Mr W's payment instructions and so it is not responsible for the loss.

One of our investigators concluded that the complaint should be upheld in part. They said that there was an error on the part of the bank when it told Mr W that the IBAN matched the account name. However, even if it had correctly advised that it couldn't verify the name, it is more likely than not that L would have still proceeded to make the payment and so the same

result would have occurred. Therefore, it wouldn't be fair to ask the bank to reimburse L's loss. However, the bank caused some inconvenience to L by not clearly explaining the reason for the return of funds and passing Mr W around to different departments. So, it is fair that it pays £150 for the inconvenience this caused.

The bank accepted the investigator's opinion, but Mr W did not. He reiterated that if the bank had not given him the incorrect assurance, he would have made a test payment first. He said that he does this with almost every payment he makes to a new account. He also provided a screenshot showing a few transactions of £5 each as evidence to support that he normally makes the test payments first.

### **My provisional decision**

I issued a provisional decision (which forms part of this decision), partly to address some of the points raised by Mr W following the investigator's opinion and partly to address the SWIFT fee. I said:

*"When the bank's staff member was helping Mr W put through the transaction, at one point he asked: "Can you just confirm that the IBAN number matches that name?". To that the staff member replied "Yes, it does; Yes, it does".*

*It is my understanding that the Confirmation of Payee check (a facility that checks whether the name of the payee on the payment instruction matches the name on the account) is not available for international payments. So, it is not clear how the staff member was able to confirm the above. It is possible that they may have misunderstood the question. Nevertheless, it does appear that they provided incorrect information to Mr W.*

*Mr W says that the loss was as a result of this misinformation and so the bank should reimburse it. I have considered what he has said, but I am not persuaded that it would be fair to require the bank to reimburse the loss. I will explain why.*

- I have seen the invoice sent by the supplier. Nowhere is it stated on the invoice that the account name of the recipient was what Mr W told the staff member originally. In fact, the correct name is clearly given as the 'Payment Recipient'. So, not using the correct name when it was clear, was the principal cause of the problem.*
- I have also considered Mr W's explanation that he would have made a test payment but for the misinformation by the bank.*

*Going back to the relevant call, at the outset, well before the staff member made the incorrect confirmation, they asked Mr W how much money he was looking to transfer, to which he replied €6,825.*

*This was a payment to a new payee. So, when the staff member asked that question, given what Mr W told us, I would have expected him to first check whether the name matched. This is so that he could then decide whether to send the full amount or the test payment, and advise the staff member accordingly. But he didn't. He confirmed the full amount as the payment to be made without first checking whether the name matched.*

*Few minutes later (again before the incorrect confirmation), the staff member asked: "Would you like to fix the amount that will leave your account or the one that the beneficiary will receive?". Mr W confirmed that he would like to fix the amount the beneficiary would receive. Then the staff member said: "We will go with that, that is*

€6,825, is that correct?”. He said: “I will have to reconfirm that. Give me a second..” and then confirmed that the payment to be made was €6,825. Then the staff member went on to explain about the exchange rate that would apply.

Here again, before confirming the amount to be put through I would have expected Mr W to check whether the name matched in order to decide whether to send the full payment or test payment, but that did not happen.

So, I am not persuaded that Mr W decided to send the full amount only because of the misinformation by the staff member.

Further, the bank has provided us with the account statement for about two months prior to this incident. I see that this is a very busy account with a large number of outgoing payments even within this short period. And from what I can see, it included at least one other SEPA payment.

But I am unable to find any test payment in relation to any of the outgoing faster payments. It is possible that many of these payments were made to existing payees and so not needing test payments. Likewise, it is also possible that some of the payments to the new payees went through the Confirmation of Payee check and so there was no need to make a test payment. But given the large number of transactions, it seems likely that there would have been transactions that did not fall under both of the above categories and so needed a test payment but there is no evidence of it.

That is not say that Mr W doesn't make test payments. In fact, he has provided us with evidence of a few test payments he has made. Whilst most of them were after this incident, I can see that at least two of them were before – one in November 2022 and one in May 2022. So, I acknowledge that Mr W does make test payments, but based on what I have seen I am not persuaded that was always the case.

Ultimately, it is impossible to know now what would have happened had the staff not given the incorrect information. However, I need to be persuaded that in that event Mr W would most likely have made a test payment first, if I have to agree that the bank should reimburse the loss. I am not so persuaded.

Given the above reasons, I do not think it is fair to ask the bank to reimburse the loss to L.

Mr W has also questioned the £25 charge that was levied on the second transaction. I accept that it should not have occurred. I see that the charge was levied because the bank made a SWIFT transfer. However, when he made the initial payment, he made it clear that he would like a SEPA transfer as it was more beneficial. And there is no evidence that he asked for the second payment to be made via SWIFT. So, I think it is fair that the bank reimburses this amount. The bank is entitled to deduct the SEPA transfer fee of £0.20 from this amount but given that it is very negligible I think it is simpler if the bank reimburses the £25 fee charged.

I also agree that L was put to inconvenience in relation to this issue. The problem started because Mr W couldn't put the transaction online causing some inconvenience. And then, following the payment, when Mr W was trying to understand why the payment was returned, the bank didn't satisfactory deal with this and eventually he had to go through his relationship manager to put the transaction through. So, I acknowledge that the bank did cause inconvenience, though I also note that this issue was resolved within few days. Overall, I am satisfied that the £150 recommended by the investigator is fair and reasonable for the inconvenience caused.

*Mr W has also complained about the way the bank has handled his complaint, stating that it caused further inconvenience and time being spent on resolving the complaint. Our service cannot look into all the complaints we receive. There are rules that our service is governed by, which are known as the Dispute Resolution (DISP) rules. This includes rules relating to what sort of activities we can consider. Without going into great detail, complaint handling itself isn't an activity we are able to consider. So, I am unable to consider this aspect of L's complaint.*

*In Summary:*

*I am not persuaded that the bank should reimburse the loss incurred by L due to the return of funds. However, it should reimburse the £25 charged on the second transaction and pay £150 to L (if it has not already done so) for the inconvenience caused.*

### **Response to provisional decision**

The bank accepted my provisional decision, but Mr W didn't. In summary, he said that it is incorrect to say that the name of the company he originally asked payment to be sent to was not on the invoice. It is quite prominent on the invoice. He further said that the payment details weren't clear from the invoice, and before starting to pay the invoice he in fact had to get the details of IBAN, BIC etc. And because the payment details weren't clear, he asked Metro bank to do the name check.

Mr W also reiterated that he relied on the confirmation by the bank and had the bank advised him that it couldn't verify the payee's name, he would have made a test payment.

### **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.

Having done so, I see no reason to depart from the conclusions I reached in my provisional decision.

I have considered Mr W's response to the provisional decision. To clarify, I didn't say in the provisional decision that the payee's name which Mr W gave to the bank staff wasn't on the invoice. I said that the invoice actually gave the correct name as 'payment recipient' but Mr W failed to use that name.

Mr W says that the payment instruction on the invoice wasn't clear and therefore he had to get the details of IBAN, BIC etc. If so, I think it is reasonable to expect that when he was verifying the payment details, he confirmed the correct payee's name as well. I am sorry that L incurred a loss on this occasion. However, for the reasons given, I am not persuaded that it is fair to ask Metro bank to reimburse that loss to L.

I acknowledge that the bank's actions did cause some inconvenience to L and that L shouldn't have incurred the SWIFT charges. I remain of the view that the settlement set out in my provisional decision represents a fair and reasonable outcome in this regard.

**My final decision**

My final decision is that I uphold this complaint in part. In full and final settlement of it, Metro Bank Plc should pay £175 to L.

Under the rules of the Financial Ombudsman Service, I'm required to ask L to accept or reject my decision before 26 February 2024.

Raj Varadarajan  
**Ombudsman**