

The complaint

Mr C is complaining about Metro Bank PLC trading as RateSetter because it won't provide details in response to his request.

What happened

Mr C has a loan with Ratesetter. He says he's considering taking a mortgage to repay this and other debts. He says he's making enquiries with various mortgage lenders and that their application process requires him to provide Ratesetter's bank details for settling the loan.

In March of this year, Mr C contacted Ratesetter to request this information. Ratesetter replied to say that its procedure is not to provide bank details until the customer has confirmed the source of funds that will be used to repay a loan. It referred to anti-money laundering regulations to justify its position. Mr C couldn't confirm the source of funds as he hadn't yet decided whether he was going to take a mortgage and, if so, which lender he'd use and a deadlock was reached.

Our investigator recommended the complaint be upheld. While she understood the reasons behind the request for the source of funds, she noted that there was no actual attempt to repay the loan at this stage and didn't think it's right that Ratesetter's process is standing in the way of Mr C making legitimate enquiries about how to arrange his finances.

In response, Ratesetter agreed to provide the requested information on this occasion. But it also restated that it had followed its process correctly and that the complaint shouldn't be recorded as being upheld.

The investigator explained why the complaint would be recorded as being upheld and Ratesetter asked for it to be reviewed by an ombudsman.

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've reached the same overall conclusions as the investigator, and for broadly the same reasons. If I haven't commented on any specific point, it's because I don't believe it's affected what I think is the right outcome. In considering this complaint I've had regard to the relevant law and regulations; any regulator's rules, guidance and standards, codes of practice, and what I consider was good industry practice at the time.

It's reasonable for Mr C to consider restructuring his finances if he thinks this could be beneficial. And if a potential new lender wants information about his existing lender, he's entitled to ask for that. At the same time, I understand Ratesetter's obligations and why it would want to know the source of any large payment being used to repay its loan. At this stage, however, Mr C has confirmed he's not made a decision about what he's going to do or which lender he'll use if he does decide to repay the loan.

All of this means Mr C is essentially stuck. He can't progress refinancing enquiries because he can't get information potential lenders are asking for from Ratesetter. And he can't get that information from Ratesetter because he hasn't completed his refinancing enquiries. This can't be right.

Mr C isn't proposing that any money will be paid to Ratesetter at this stage, he's just asking for information to allow him to progress his enquiries. While Ratesetter has referred to anti-money laundering regulations, I don't think these prevent it giving him the information he's asked for. Otherwise, it presumably wouldn't have agreed to do so in its recent correspondence with our investigator.

As I've said, I understand the reasons for Ratesetter's request and I'm not suggesting it hasn't followed its internal process correctly. My concern is rather that prescriptively following this process when it's not necessary to do so is preventing Mr C from progressing his legitimate enquiries and I don't think that's fair or reasonable. It's for this reason that I'm upholding this complaint.

Putting things right

To put things right, if it hasn't already done so, Ratesetter now needs to provide Mr C with the information he's requested so he can progress enquiries with potential alternative lenders.

My final decision

For the reasons I've explained, I'm upholding this complaint. Subject to his acceptance, and if it hasn't already done so, Metro Bank PLC trading as RateSetter should now put things right as I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 13 August 2024.

James Biles
Ombudsman