Dear Chair,

I am writing to follow up on my participation at the Treasury Select Committee on 2nd April.

Thank you for the opportunity to give evidence on a key challenge for both industry and policymakers. I believe that as an industry we are working hard through collaboration across all stakeholders to keep customers safe, and with success too. But there is more to do, and at Metro Bank we are constantly innovating to safeguard our customers against the threat of economic crime.

During the session, I promised some additional information which I have set out below.

**Q728**
**How many claims are rejected each year when a customer is seeking reimbursement?**
We investigate every claim that is referred to the bank and our decisions are based on the merits of each individual case. In 2018, we declined c. 5% of all claims filed to us across all fraud types including plastic cards which equates to just under 1,800 claims, where the customer had been deemed “grossly negligent” as defined by the Payments Services Regulations.

**Q740-741**
**Analysis on which types of document used to open accounts are more likely to be subject to fraud**
We conducted some analysis using internal data on this topic and we cannot see a particular trend in terms of the documents used to open legitimate accounts which are subsequently identified as mule accounts. However, as advised to the committee, the wider context is that c.70% of mule accounts that we identified are existing accounts and c.50% of the account holders are under the age of 24.

**Q769**
**Further thoughts on whether Metro would make a contribution to local police forces when economic crime must be investigated**
As mentioned to the committee, the banking industry funds the Dedicated Card and Payment Crime Unit (DCPCU), which is a unique proactive operational police unit that has a national remit and works with other police forces across the United Kingdom. In 2018, the DCPCU prevented an estimated £94.5 million of fraud, secured 48 convictions and disrupted 11 organised crime groups. Metro Bank contributes towards this funding through our membership of UK Finance.

**Q778**
**How many individuals, and indeed how many businesses, did Metro Bank decline services to last year?**
There may be a number of reasons for a potential customer to be declined at various stages of the application process and therefore we are unable to supply this figure across all applications. However, in 2018 we declined 30,136 account applications across our store
network as they failed anti-fraud and money laundering checks undertaken as part of the account opening process. For context, in 2018, Metro Bank increased its customer accounts from 1.2m to 1.6m.

Q746
Could you also expand on your comments around confirmation of payee and the fact that obvious spelling mistakes would not be flagged?
Once in place, the Confirmation of Payee service will cross check the name on the account identified by the account details against the name as inputted by the payer. The result of this verification will then be relayed to the payer to help them decide whether they should proceed with the payment.

Under current industry proposals, the result of the Confirmation of Payee will take one of the following four forms:

1. A **positive** or ‘Yes’ notification if a positive match is identified between the payee’s name provided by the payer and the name on the account identified;
2. A **negative** or ‘No’ notification if a negative match is identified between the payee’s name provided by the payer and the name on the account identified (i.e. there is no close match);
3. A **negative** or ‘No’ notification accompanied by the **name on the payee’s account** if a close match is identified between the payee’s name provided by the payer and the name on the account identified;
4. An ‘**account unreachable**’ message (e.g. ‘unable to verify account’), accompanied by guidance on how the payer can proceed. An example of an ‘account unreachable’ message would include where the account reference details inputted by the payer do not relate to an existing account, and therefore no verification can take place.

Q779
In terms of individuals who do fall foul of the risk appetite issue, what right of appeal exists? What information are they given regarding their options at that point?
As mentioned to the committee, we keep customers informed of progress throughout the account opening process. If we are not able to open an account immediately, we will update them on next steps and provide a rationale if their account application is declined. If the customer wishes to contest our decision they can raise a complaint and the decision will be reviewed. If we maintain our position of declining the account the customer can, if they wish, take their complaint to the Financial Ombudsman. This is outlined on our website (link).

Q787
It would also be useful if you could provide some context around the 200 accounts closed a month to say how many accounts this is out of and what the trend is
Over 2018, Metro Bank increased its customer accounts from 1.2m to 1.6m. The volume of mule accounts identified and closed over this period which received confirmed proceeds of crime has remained consistent at c.200 per month.

I do hope that is helpful in answering your questions, but I would be happy to discuss anything in more detail if required. In the meantime, I am looking forward to the committee’s final report on this inquiry.

Yours sincerely,
Mark Tingey
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Metro Bank
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