



Case Study: Banking – Foreign Exchange

LOSS FROM TRANSFERRING FUNDS AND CONVERTING CURRENCY

Themes: Currency conversion rates, bank commission.

This complaint relates to a transfer of funds from an overseas bank account to a local bank account which incurred high currency conversion charges.

In May 2019, Mr N closed his overseas bank account and transferred the balance to a local bank account. Previously, Mr N had checked the currency conversion mid-market rate to determine what the value of the transferred funds would be in local currency. However, on the day the funds were transferred, Mr N was not happy with the value he received and felt that excessive charges were applied by his bank.

Mr N told CIFO that in his opinion he had been charged the highest currency conversion mid-market rate and had therefore lost the equivalent of £1,280.

The bank confirmed that the foreign exchange rates applied to the transfer were based on the mid-market rate, plus a percentage charge for their commission. The bank believed it had not made an error. The bank did confirm, however, that the mid-market rates Mr N found online did not match their exchange rates and they suggested that Mr N should have contacted the bank to find out what exchange rate he would have received for his proposed transfer.

CIFO found that Mr N had obtained his currency conversion mid-market rate from a website not related to his bank. CIFO also concluded that the bank had applied its standard percentage of commission and had not acted unreasonably by applying this commission to their calculated mid-market rate.

Mr N had not contacted the bank to enquire about the exchange rate offered or contacted his overseas bank to obtain an indication of the rate that may have been applied. Based on this information, CIFO did not uphold this complaint.