



Case study: Banking

BANK ACCOUNT INCURS CHARGES WITH A DELAYED TRANSFER REVERSAL REQUEST

Themes: Payment reversal request; foreign exchange fees; delayed process

A customer incurred charges when a bank delayed returning funds to her account.

In August 2020, Miss Q transferred funds from her overseas account to her local bank account. Within a few hours on the same day, Miss Q asked her overseas bank to reverse the transfer.

Her transfer reversal request was received a week later by her overseas bank, meaning that Miss Q had to make a formal transfer reversal request to her local bank in order for them to complete the transfer. After receipt of Miss Q's transfer reversal request the local bank tried to contact Miss Q on several occasions to finalise the transaction but was unable to reach her to confirm the instructions. Miss Q's overseas bank made another two requests to her local bank to reverse the funds, but the local bank advised they were still awaiting confirmation from Miss Q to complete the reversal transaction to return the funds back to Miss Q's overseas bank account.

In September 2020, Miss Q finally contacted her local bank to authorise the return of her funds. Her local bank advised her that she would be liable for the loss incurred due to foreign exchange rate differences arising between her local and overseas banks. Miss Q complained to her local bank as she felt that the foreign exchange fees were only being charged because her transaction reversal request had not been concluded when she had instructed, and that this had not been her fault. The local bank rejected Miss Q's complaint and referred her to CIFO.

Miss Q complained to CIFO that she had requested an immediate transfer reversal, but the local bank had delayed this request ultimately causing Miss Q to incur foreign exchange charges. Miss Q also stated that the local bank's claim to have attempted to contact her was untrue and it had taken months for the return of her funds to be completed.

CIFO investigated and concluded that the delays with completing the transfer reversal request were mostly due to the local bank's inability to contact Miss Q. The local bank had made several calls to Miss Q and sent an email, but Miss Q had not responded to her bank's attempts to contact her. CIFO listened to the recorded calls made by the local bank, reviewed the email they had sent and determined that the local bank had indeed attempted to contact Miss

Q as stated. However, CIFO noted that after Miss Q had authorised the payment back to her overseas account, the local bank took a further seven days to complete that transaction. Therefore, CIFO partially upheld the complaint and recommended the local bank compensate Miss Q £1,381 for the loss due to the exchange in rates for the further unreasonable delay caused by her local bank once the transaction was finally authorised.