



Case study: Banking

CUSTOMER ONLINE BANK TRANSFER INCURS EXCHANGE RATE FEES

Themes: exchange rate; manual online payment system; customer responsibility

A customer's online payment transfer incurred an unexpected exchange rate charge because the complainant failed to check the transaction currency details.

In September 2020, Mrs D made a transfer using her online banking payment facility. She sent funds from her USD bank account to a European bank account requesting the funds remain in USD. Mrs D's transfer was completed in accordance with what she believed were her keyed instructions. However, the online payment system had automatically defaulted to the selected recipient bank's local currency when keyed, meaning the funds transferred were converted from USD to Euros (EUR).

Mrs D made a complaint to her bank as she felt she had lost approximately USD 900 in exchange rate charges when the funds transferred to her European bank account. Mrs D's bank rejected her complaint and stated that Mrs D had the ability to select the relevant currency from the drop-down box and as this transfer had been completed using the online payment system, the bank had not made any error. Mrs D's bank referred her complaint to CIFO.

Following a case handler review, CIFO initially did not uphold Mrs D's complaint. Mrs D rejected CIFO's recommendation and requested a final ombudsman decision, stating that she had transferred funds in the past using this method and had been requested to authorise any charges but, in this instance, there was no request to authorise charges or to approve the foreign exchange rate fees that would be applied to the requested transfer.

CIFO investigated and noted that Mrs D's online payment system required Mrs D to complete a sequence of screens including a review and final confirmation screen, which would need to be checked thoroughly. CIFO also reviewed a sample of the bank's online payment system screens. CIFO observed that it is the customer's responsibility to check the final confirmation screen, which included an indicative currency conversion rate, before submitting the payment instruction. CIFO also noted that the process included three opportunities to confirm the details before submitting the final online payment instruction. CIFO therefore concluded that, on the balance of probabilities, it was more likely that Mrs D had not checked the final confirmation page before submitting the payment instruction. CIFO did not uphold the complaint.