



Case study: Banking

COMPLAINANT INCORRECTLY INPUTS TRANSFER AND INCURS EXCHANGE RATE FEES

Themes: Foreign exchange rates; online overseas funds transfer.

This complaint relates to two online overseas bank transfers that incurred exchange rate fees when the complainant neglected to change the online banking payment screen currency choice.

In November 2021, Mr U made an online bank transfer from his local bank account to a family member's overseas bank account. Mr U completed another online bank transfer again in April 2022 to the same recipient. It transpired that whilst both the sender's and recipient's accounts were sterling, the online payment process converted the payments to the recipient country's currency and on receipt the overseas bank again transferred the funds back into sterling. A loss of approximately £800 was incurred due to the exchange rate conversions.

Mr U complained to the bank explaining that the online banking payment screens were misleading, and that he had intended to make both transfers in sterling. Mr U also felt that the bank's system should have been able to identify the recipient account's currency and amend the currency selection accordingly. The bank said that they had completed the transfer in accordance with Mr U's instructions. The online banking payment screen would have automatically selected the overseas currency based on the country of the recipient's account and the bank said that Mr U should have selected the currency at this point.

However, as a gesture of goodwill, Mr U's local bank compensated Mr U for the exchange rate conversion incurred when they had transferred the funds to the overseas bank. This amounted to approximately £400. The bank declined to compensate Mr U for the remaining amount which accounted for the conversion rate applied by the recipient bank when converting the transferred funds back into sterling. Mr U again complained to the bank, requesting a full refund and referred his complaint to CIFO.

CIFO investigated and noted that although the online banking payment screens would have defaulted to the currency based on the recipient's location, the information presented on-screen provided a clear indication that Mr U was making foreign exchange payments. An exchange rate would have been stated on the initial online funds transfer screen and again on the review screen. CIFO also noted that Mr U had accepted that the online banking payment screen showed an exchange rate, but he mistakenly believed this was not relevant to his transfer. On this basis, CIFO felt that the bank had acted in accordance with his instructions. As the bank had already refunded the exchange rate fee applied by them, it would be unreasonable to ask them to pay the exchange rate applied by the recipient bank when they received and transferred the funds back to sterling. CIFO did not uphold this complaint.