

The complaint

Mr V complains TSB Bank plc (TSB) converted a large euro payment into his sterling bank account at an unfavourable exchange rate.

What happened

Mr V says before he received a large euro payment into his sterling bank account, he spoke with TSB who informed him these monies would be converted at the market rate, but when the payment arrived it was converted at a significantly different exchange rate to what he had expected, costing him over £8,000.

Mr V says he believes TSB are unfairly profiting by applying hidden fees within the exchange rate. Mr V says he has evidence to support the fact TSB didn't use an exchange rate that compared to the market rates at the time of the transaction.

Mr V wants TSB to reimburse him with the FX loss he incurred, which he calculates to be £8,350.

TSB says it applied the exchange rate applicable at the time it was received, and rates can fluctuate throughout the day, and it is unable to guarantee an exchange rate. TSB says it is entitled to make commercial decisions regarding the exchange rates it offers, and it didn't act unreasonably in not using the exchange rate Mr V would have preferred.

Mr V wasn't happy with TSB's response and referred the matter to this service.

The investigator looked at all the available information but didn't uphold the complaint. The investigator says there is no evidence to suggest TSB told Mr V it would use a market rate when it converted the Euro's it received into sterling. The investigator pointed out TSB's literature and terms and conditions state it would use its standard exchange rate and there's no single exchange rate for currency that all banks must track. The investigator says she couldn't tell TSB what exchange rates it must use.

The investigator says although one telephone call recording couldn't be located by TSB, even so she didn't feel on balance a trained international team member of staff would hold incorrect knowledge of what exchange rates are used. The investigator didn't feel TSB had to call Mr V before converting the euros and this is explained in its terms and conditions.

Overall, the investigator couldn't find any evidence of TSB making a mistake with the exchange rate it used.

Mr V didn't agree with the investigator's view and asked for the matter to be referred to an ombudsman for a final decision.

What I've decided – and why

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Having done so, I won't be upholding this complaint and I will explain how I have come to my decision.

I can understand it would have been upsetting for Mr V to have received much less than he was expecting when a large euro payment was converted into sterling by TSB.

When looking at this complaint I will consider if TSB unfairly applied the exchange rate it did when it received the payment in euros for the credit of Mr V's sterling bank account.

While both parties have provided comprehensive details of the course of events here and that has proved helpful, I won't be commenting on every point made as I don't feel it's necessary in order to come to a full and impartial decision here. That's not to say I have considered everything – I have.

The first thing to say here is the payment generated wasn't initiated by Mr V and as already explained, under the terms and conditions of the account TSB aren't obliged to pre-advise Mr V of its receipt, before converting the funds into sterling.

Mr V's complaint centres around the fact he believes TSB have unfairly profited by using an exchange rate, in his view with potentially a built-in fee, that wasn't in line with the prevailing market exchange rates at that time. Mr V says he was told by TSB before the funds arrived it would use the market rate and it hasn't done that costing him over £8,000.

Like the investigator, I can only look at the evidence provided to this service and from what I have seen TSB's terms and conditions refer to a standard exchange rate and that rate is set by TSB and will fluctuate from time to time throughout the day. It's worth noting that it's not for me to tell TSB what exchange rate it must use, after all that's a business decision for it to take which may take into account a number of factors at the time.

Mr V says he was told by TSB in an earlier telephone call in February 2023 it would apply the market exchange rate. TSB have informed this service that call cannot be traced and therefore I need to consider what might have been discussed in all likelihood here. Like the investigator I'm not persuaded it's likely that a trained member of TSB's international money mover team would have, in all probability, told Mr V it would use a market exchange rate, rather than its own standard exchange rate at the time, as detailed in its own terms and conditions.

It's entirely possible this was either misunderstood or not explained clearly of course, but without the call recording itself it's not possible for me to know what was said exactly.

While Mr V has provided information regarding exchange rates more widely, including the Bank of England spot rate, that's not to say those rates will or must be offered by TSB as it uses its own standard exchange rate and like many businesses this may include a margin of profit. As I have mentioned earlier such rates will fluctuate throughout the day but here I can't see any evidence to show TSB have added a fee within the exchange rate as Mr V suggests.

Unfortunately, the funds sent were in euros and it seems Mr V had no control over that, so when the funds arrived for the credit of his sterling account as designated, TSB acted correctly and converted these at its standard exchange rate and as such I can't say it has made an error in doing so, for the reasons I have already stated.

While Mr V will be disappointed with my decision, I won't be asking anymore of TSB here.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr V to accept or reject my decision before 28 November 2023.

Barry White
Ombudsman