

The complaint

Mr V complains that he was charged excessive foreign exchange (FX) charges when he converted currency on his account with Interactive Investor Services Ltd (IISL).

What happened

In June 2019, Mr V transferred a pension into a SIPP with IISL. At that time he was provided with a Rates and Charges document which explained in respect of the foreign exchange (FX) rate for currency conversion *"The FX rate for currency conversion is based on the bid/offer exchange rate, to which we apply a spread of up to +/- 1.5% at the time of execution."*

In September 2022, Mr V placed four instructions to convert currency from GBP to USD, one on 4 September, one on 21 September and two on 23 September. On each occasion, he was presented with the opportunity to choose whether he wished to specify the amount he wished to exchange or the amount he wished to receive. The exchange rate was shown (which included IISL's margin) and Mr V had the option of whether to proceed. A link was provided to a rate card which showed further detail.

On 5 October 2022, Mr V called IISL to complain about the charges included in the FX transactions. IISL did not uphold the complaint because they stated that their charges had been made clear, and Mr V had opted to proceed with the transaction after having been provided with the preview which showed the conversion rate and how much he would receive.

Mr V was not happy with this, and referred his complaint to this service. The investigator reviewed the information provided and did not uphold the complaint. She found that on each occasion, Mr V had had the opportunity to review the information available in relation to the margin IISL would add to the conversion rate, and was aware of the amount he would receive following the transaction.

Mr V disagreed, and the complaint has been referred to me 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.

Firstly, I have considered whether the charges were applied correctly. For each transaction, IISL charge a margin, which is their fee for the transaction carried out on their platform. This margin is expressed as a tiered percentage, based on the size of the transaction, and explained in the Fees and Charges document provided to Mr V. I note that the margin rates have remained consistent during the time Mr V has been a customer of IISL. IISL have stated that all the trades were executed correctly. Having reviewed this, I cannot find evidence to indicate otherwise.

Mr V is unhappy that he was not made aware at the time of the transaction of the level of margin that would be applied. I do not agree that the information was not available for Mr V at that time. IISL have provided an outline of the online journey, which shows that when commencing with an FX order, a customer can choose whether they wish to specify either the amount to exchange or receive. Once input, the customer can preview the order which states the conversion rate, and the amount that will be received. A link was shown which took them to the rate card for further details.

Mr V has stated that although the link was available to him to check the rates being charged, he did not have time to do this. I have considered whether IISL went far enough in ensuring the required information was available by providing a link to the conversion rates available. I note that the screen already showing to an investor at the time of the trade did show the amount of currency that would be received, which would have provided Mr V with an indication of the overall conversion rate being applied, with additional information being available via the link. It does not seem excessive to expect an investor to click the link to access the conversion rates should they require clarity on how the amount being received had been calculated. Mr V states that he did not have time to do so due to the time pressures linked to the purchase of the investment he wished to carry out, however I do not accept that this can be considered a failing on the part of IISL.

Mr V says IISL made 3% on his transactions, which he says is too high. But fees are a matter of commercial judgement for businesses, so I'm satisfied that IISL were entitled to apply the fees it did. I see no persuasive reason to uphold Mr V's complaint on this basis.

Having reviewed the information available, I cannot find evidence to indicate that IISL charged an incorrect rate, or misled Mr V in relation to what he'd pay. I believe that the information was readily available for Mr V in good time for Mr V to be in a position to choose whether to proceed with the transactions on each occasion. I therefore do not uphold his complaint.

My final decision

For the reasons stated above I do not uphold Mr V's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr V to accept or reject my decision before 8 September 2023.

Joanne Molloy
Ombudsman