

## **The complaint**

A company, which I'll refer to as "P", complain that National Westminster Bank Plc offered them an inadequate refund, following a problem with one of its systems. They're also dissatisfied with the exchange rates applied to foreign currency transfers between their accounts.

P are represented in the complaint by their director, Mr M.

## **What happened**

In May 2020 NatWest wrote to P to say it had applied incorrect foreign exchange rates to some transactions between March 2010 and May 2014.

NatWest apologised and said it was refunding the difference, plus interest, and it sent P a cheque. The total amount came to about £3,300.

NatWest explained to P that the problem had arisen when changes were made to one of the systems it used to set foreign exchange rates. Following the changes, incorrect rates had been applied to some transactions for a limited period.

P weren't satisfied with NatWest's calculation of the refund. They told NatWest they believed that the issue had affected more transfers than NatWest had told them about.

NatWest provided a breakdown of what it referred to as "international payment transactions" involving P's accounts during the affected period. It said each transaction had been reviewed to see whether it was affected. It addressed P's comments about some transactions which P believed hadn't been taken into account, explaining that all but three had been assessed and included in the refund calculation where appropriate. Of the remaining three, it explained two had been for more than the maximum value of the transactions affected by the system issue, and the other had been booked through a different system.

P said they believed they had lost more than £50,000 during the period in question. They said they'd discovered through the media that there was significant manipulation of exchange rates around the time. And they complained that the exchange rates used differed significantly from the spot rates and interbank rates, and from rates used by other banks at the time.

One of our investigators considered the complaint, but didn't think it should be upheld. She said, in summary, that she was satisfied that only some of P's foreign currency transactions had been affected by the issue with the system, and that NatWest had reimbursed P accordingly. She acknowledged that P were concerned about reports of Forex manipulation around the time of NatWest's error. But she hadn't found any link between that and the system error that had led to the wrong rates being applied. And she thought NatWest had taken P's concerns seriously, and had sufficiently investigated the additional transactions that P had queried.

P disagreed with the investigator's view, so the complaint was passed to me.

### *My provisional findings*

After considering all the evidence, I issued a provisional decision on this complaint to P and to NatWest on 28 September 2023. I said:

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

*Based on what I’ve seen so far, I’m not planning to ask NatWest to do anything further. I’ll explain why.*

*Changes NatWest made to one of its systems resulted in incorrect exchange rates being used in transactions involving currency conversion. NatWest has explained that exchange rate errors only affected some transactions which were processed through one particular system, and the problem only persisted for a limited period. It’s also explained that not all of P’s transactions during the relevant period were booked through the affected system.*

*Mr M has commented that the transactions P has queried were not, in fact, “international” transactions, as NatWest has referred to them, but were simply transfers between P’s own accounts which involved currency conversions. I accept this, and agree that NatWest could, perhaps, have used more helpful terminology. However, in a letter that NatWest sent P in August 2021, it said that transactions impacted by the system error weren’t limited to those made abroad, but included, among other things, any payment or receipt of foreign currency, inter account transfers and currency account transfers and foreign cheque deposits.*

*Mr M has referred to nine specific transactions which were highlighted on a spreadsheet he provided. He says P didn’t receive any refund for those, and he doesn’t believe they’ve received an explanation from NatWest.*

*I’ve looked at the nine highlighted transactions. NatWest has explained that the problem with the system was limited to transactions worth less than £100,000. Six of the nine transactions were individually worth more than £100,000, so I’m satisfied that they wouldn’t have been affected by the issue with the system. Of the remaining three, two took place before 25 March 2010, which was when the problem started. And I can see that NatWest has explained to P that the remaining transaction, which took place in September 2012, was booked through a different system. So I’m satisfied, on balance, that none of the nine transactions Mr M has highlighted would have been affected by the system problem.*

*Based on the information provided, I’m satisfied that NatWest carried out a thorough review of all transactions that might have been affected by the problem with its system. I’m also satisfied that it explained reasonably clearly to P why the problem only affected some of their transactions during the affected period, and how redress was calculated for the affected transactions. I acknowledge that Mr M has referred to reports of market manipulation. But he hasn’t provided any evidence to show that P’s accounts were affected by any such issues or that they incurred losses for which NatWest hasn’t paid appropriate redress.*

*P have also complained about the exchange rates used for transactions between their accounts. Mr M says he understands that transfers have to undergo a currency exchange, but he believes that the spot rate or interbank rate should have been used, especially given that NatWest was charging P to make the transfer. He says that P received very significantly less than they would have done on their foreign currency transactions if NatWest had calculated the conversions at the interbank or spot rate. And he's dissatisfied that NatWest hasn't provided P with evidence of the rates and procedures it had in place for transfers between currency accounts.*

*The rules about what complaints we can consider are set out in the Dispute Resolution ("DISP") rules, which can be found online in the Financial Conduct Authority's handbook. And I can only consider a complaint if it is brought to this service within the relevant time limit. Rule 2.8.2R(2) provides that unless the financial business in question gives consent, I can't look at a complaint made:*

- more than six years after the event being complained about; or*
- more than three years after the complainant was aware, or ought reasonably to have been aware, of cause for complaint.*

*The transactions P have referred to all took place more than six years before they referred the complaint to us. And I'm satisfied that P ought reasonably to have been aware at the time the transactions took place that the exchange rates were higher than the spot rates.*

*We've asked NatWest whether it agrees to this service considering the part of P's complaint that the exchange rates NatWest used were unfairly disadvantageous to it, but NatWest has told us it doesn't. So taking everything into account, I'm unable to consider this part of P's complaint.*

*I note that Mr M says P haven't paid the refund cheque in, as they believe it should be for much more. If the cheque has expired and, having received this decision, P would like to accept NatWest's offer, NatWest should issue a replacement cheque to P. For the reasons I've set out, however, I don't find that I can fairly require it to do more."*

#### *Further submissions*

Neither P nor NatWest have provided any further comments or information in response to my provisional decision, and the time for doing so has now expired.

**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 can't see any good reason to depart from the findings I set out in my provisional decision.

**My final decision**

My decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask P to accept or reject my decision before 12 December 2023.

Juliet Collins  
**Ombudsman**