

## **The complaint**

Mr H complains that Citibank UK Limited failed to carry out a transfer of funds abroad causing him to incur fees by using an alternative method of payment.

## **What happened**

Mr H attempted a wire transfer of funds on 21 September 2022 from his Citibank account to a business abroad (the recipient). On 6 October 2022, the recipient said it hadn't received the funds. Mr H contacted Citibank the same day, and, after multiple calls said he was told on 10 October 2022 that the payment was blocked and would be returned to his Citibank account.

On 10 October, Mr H made the payment via a payment service provider (PSP) and incurred a fee of £567.01. The PSP converted the payment into the recipient's foreign currency, which the recipient had to reconvert to Sterling for onward transmission and incurred a loss on the foreign exchange rate of £472.49. Mr H said the PSP and exchange rate fee wouldn't have been incurred if Citibank had completed his transfer at the time or told him it was likely to complete when he enquired on 10 October. But its error led to a total loss of £1,039.50.

Mr H said he made multiple calls to Citibank during this period which were stressful and confusing. Initially he said he was told the 'wire had gone through' and Citibank indicated possible fraud by the recipient. Later, Citibank said the money would be returned, however on 18 October the recipient told Mr H it had received the original wire transfer of funds.

Mr H said he was then dependent on the recipient agreeing to return the funds promptly, which it did on 20 October on the condition he seek compensation from Citibank for the fees incurred. Mr H called Citibank to complain and received its final response on 25 October 2022. Mr H wasn't happy with the outcome and wrote to Citibank on 30 October 2022 and 17 January 2023, but said he didn't get a response, and referred his complaint to our service.

In its response to Mr H's complaint of 25 October, Citibank said it had provided him with incorrect information about the transfer, such as that the receiving bank had told it that the payment would be returned, and then saying on 14 October that the payment would be made within 3-5 days. Citibank apologised, but offered nothing for the fees incurred.

Our investigator recommended that the complaint be upheld. He said Citibank incorrectly told Mr H that his funds would be returned and so Mr H made his transfer by other means and incurred charges. He said these should be repaid to Mr H along with £250 compensation for the distress and inconvenience caused.

Mr H agreed with the investigator, but Citibank did not and requested an ombudsman review the complaint. Citibank said it was happy to refund the fee of £567.01 Mr H incurred for the transfer, but didn't think it was accountable for the loss on the PSP's foreign exchange rates.

## **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.

I've looked at the communications between the parties and can well understand the stress Mr H faced when he couldn't trace his payment. I don't think Mr H should have had to discover from the recipient that the transaction had in fact completed, and this was contrary to what Citibank had told him. Citibank wrote to Mr H on 25 October 2022 and acknowledged that it had told him that his payment had been blocked and would be returned to his Citibank account. I'm pleased Citibank has agreed to refund the fee of £567.01 Mr H incurred, but I think it needs to go further.

I have thought about the handling of Mr H's payment by Citibank and the mistakes it made. Mr H said the recipient required funds in Sterling and the transfer attempted via Citibank would have carried no foreign exchange fees, whereas a large fee for this was incurred via the PSP. This was due to the money having to be transferred first into the foreign currency, and then back into Sterling. So the foreign exchange fee was incurred as a direct result of Citibank's handling of the transaction.

I think Citibank's poor handling of the transfer led directly to Mr H incurring fees, and without so doing he had no means of knowing that the business transaction would have been completed. I'm satisfied this would have had further consequences for Mr H's business. As the fees followed Mr H's recovery of the failed transaction I think they were a foreseeable consequence and should be reimbursed to Mr H by Citibank as a fair and reasonable response to its handling errors.

Mr H said he spent a significant amount of time and suffered stress between 6 and 20 October 2022 in trying to sort out what had gone wrong. At the end of this period Mr H discovered the recipient had received the payment via Citibank and a duplicate payment had been made. Mr H then had to make arrangements, and trust the recipient to return the payment. I think Citibank should have made more effort to determine the problem with Mr H's payment and certainly should have communicated with him more effectively.

Citibank hasn't responded about the compensation of £250 in respect of the distress and inconvenience Mr H suffered. This amount falls within a category of compensation we award when there has been a single significant mistake which has caused a consumer to take remediation action and caused a great deal of stress over a relatively short period. Mr H has described what happened at each stage of the payment process and I think £250 compensation is a fair and reasonable reflection of the stress and inconvenience he has been caused.

### **My final decision**

For the reasons I have given, it is my final decision that the complaint is upheld. I require Citibank UK Limited to compensate Mr H for the £1,039.50 fees incurred for the alternative transaction he carried out to pay his recipient. And to pay Mr H £250 compensation for the distress and inconvenience he suffered as a consequence of Citibank's poor service.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 23 October 2023.

Andrew Fraser  
**Ombudsman**