

The complaint

Mr C complains that, when he made withdrawals from an ATM abroad, Santander UK Plc was responsible for him being charged a markup on each transaction, when he understood that all such withdrawals were not subject to any fees or charges.

What happened

In March 2023, whilst abroad Mr C withdrew cash from a local ATM on several successive days. As far as I can see he made nine withdrawals in total. Subsequently he noticed on his receipts that he'd been charged an 8.5% mark up on each withdrawal, which amounted to a considerable sum.

He complained to Santander that he shouldn't have been charged any fees. It replied that he received a higher exchange rate and a markup due to opting to take the money out in "own currency" not the "local currency". It explained that when "own currency" is selected the transaction is converted there and then so the amount shown on the screen will come through to it in Pounds Sterling. The ATM owner can then offer its own exchange rate and charges, these would have been shown on screen and Mr C must have accepted them. This is known as dynamic currency conversion. If he had chosen to pay in the "local currency", then the transaction would have come through to it in the local currency and the conversion rate used would have been the one quoted on its website.

Mr C was not happy. He contacted the local branch of Santander where the ATM was situated. He received a reply from it which said that the ATM owner had not charged a fee and that the markup was likely to have been charged by the card provider. He pointed out that he had used that ATM numerous times and strongly denied that he had selected own currency rather than the local currency. He pointed out that after 11 March 2023 he had been able to use his card without selecting a currency and that he had not been charged any fees for withdrawals.

Mr C also attended his local branch of Santander in the UK. He queried the exchange rate and the fee and was told the exchange rate was correct but no fee had been charged. Santander agreed that this information was incorrect and offered Mr C £100 compensation, which he rejected.

Our Investigator said that there was no evidence that Santander had made a mistake and that Mr C was responsible for his own use of his card.

The matter has been passed to me for further consideration.

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.

Where any evidence is incomplete or contradictory, as some of it is here, my decision is based on what in my opinion is most likely to have happened.

First of all I don't think that Santander in the UK, profited from the markup. Santander UK says that the local branch did profit from the markup, although that branch denies that. Mr C's ATM receipts clearly set out an 8.5% markup. Santander says that Mr C selected the "own currency" option. But as Mr C didn't complain about it until after he'd completed all the withdrawals he's complaining about, there are no screenshots available as to what would have been shown when Mr C made the withdrawals.

Mr C would not have been charged any fees for using the ATM if he had opted to pay in local currency. Santander's terms and conditions say that it is often cheaper to pay in local currency and that if pounds sterling is selected there will be an exchange rate and a possible fee charged. The local Santander branch says that neither it nor the ATM owner charged that fee but speculate that the fee may have been charged by the card provider.

There's no doubt that Mr S was charged the 8.5% "markup" fee. And whilst Santander, both in the UK and the local branch say they didn't charge the fee, I think the most plausible explanation is that the local ATM provider charged that fee. But I think it likely that Mr C would have been given the on screen option to incur that fee each time he used the ATM. And he continued to use the same ATM, keeping the receipts, on nine separate occasions incurring the fee each time. It would have been a substantial sum each time but he didn't query it until after he'd made all the withdrawals so there was no opportunity to check whether it was incurred due to a user error or some other failure.

I understand that Mr C says he used that ATM many times before and he made withdrawals after that for which he wasn't charged. Santander says that is because he made the withdrawals in local currency. And in respect of withdrawals afterwards it does appear that the card provider was changed so there may have been a different process.

It appears to me that the most likely explanation for Mr C incurring a fee for withdrawals is because he charged it to his own, rather than local currency. Whilst he has asked us to get in touch with the local Santander branch concerned, I haven't seen anything that would persuade me it would be able to help. It has already referred Mr C back to Santander in the UK. I don't think there was any error on Santander's part, and I don't think it was at fault for Mr C being charged the markup fee.

As regards compensation, I understand that Mr C was offered £100 because when he attended his local branch of Santander in the UK he was told that no fees had been charged which was wrong. I think that £100 is an appropriate award of compensation in this case.

My final decision

Santander has already made an offer to pay £100 to settle the complaint and I think this offer is fair in all the circumstances.

So my decision is that Santander UK Plc should pay £100.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 5 January 2024.

Ray Lawley
Ombudsman