

## **The complaint**

Mr R complains that Santander UK Plc charged a fee when processing a foreign currency transfer to his bank account.

## **What happened**

Mr R transferred 135,000 Euros from an overseas account to his Sterling Santander account and received £117,207.18. Mr R says that he was told at his local branch that there were no fees for transferring funds from the overseas account to his account with Santander. He says that he received around £1,500 less than he expected to, and when he queried this with Santander, he was told it uses an intermediary bank and they charge a fee for foreign currency transactions.

Mr R complained to Santander. It said there were no errors on its part, and that intermediary banks charge their own fees. It paid Mr R £50 in compensation because it said he was given incorrect information when he initially made enquiries about transferring his money.

Mr R brought his complaint to our service. He said that had he been told about the fees, he would have transferred the funds through another business that offered a charge free service. Santander has since told our service Mr R wasn't charged a fee by the intermediary bank or it, and the amount he received was based on its Euro exchange rate on the day.

Our investigator didn't think the complaint should be upheld. He said it wasn't unusual for a bank to use an intermediary bank for an international transfer. Our investigator was satisfied the transaction had been carried out fairly and in line with the terms and conditions of the account. He thought the amount that cleared in Mr R's account wasn't what he'd expected because the exchange rate he found in his research differed from Santander's rate. Our investigator thought the £50 Santander paid was fair compensation for the incorrect information he was given.

Mr R didn't accept our investigator's opinion. He said he was told on three occasions that a deduction was made for fees. He thinks Santander is trying to explain away his losses by saying it chose a different rate to the one he read in a newspaper. Our investigator didn't change his opinion. He acknowledged Mr R was given incorrect information over the phone, but maintained the transfer was carried out correctly.

As an agreement couldn't be reached, the complaint has been passed to me to decide.

## **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've reached the same outcome as our investigator and for similar reasons.

Mr R would like Santander to pay him the £1,500 he says he lost out on. So, what I must consider is whether Santander carried out the transaction correctly and treated Mr R fairly and reasonably, and I find it did. I know this will be disappointing to hear, but I'll explain why.

The terms and conditions of Mr R's account say:

*"Our exchange rates for foreign currency payments are based on our Santander reference exchange rates for the relevant currency. We have different reference rates depending on the size of the transaction and whether you are buying (if you are sending a payment) or selling currency (if you are receiving a payment into your account)."*

I think it's helpful to highlight that the exchange rates one might see online or in newspapers is an indication of what rates might be and is subject to change. Furthermore, Santander – like all currency exchange providers, isn't bound by these rates. They are entitled to set their own exchange rates. And often the exchange rates offered by banks differ to those found when carrying out general research.

Santander has provided this service with evidence of its Euro exchange rates at the time of Mr R's transaction, and I'm satisfied this shows the exchange rate on the day was 1.15180652. I appreciate Mr R expected to receive more than he did, but I'm satisfied the correct sum was deposited into his sterling account based on Santander's applicable exchange rate at the time. And the difference from what Mr R expected was a result of the difference in Santander's exchange rate and the information Mr R had researched in newspapers.

Mr R doesn't think Santander ought to have used an intermediary bank in processing his transaction. However, the processes and systems Santander has in place are a business decision it's entitled to make and not something I would look to interfere with. Even so, it's worth explaining that it's common practice for banks to use intermediary banks to carry out international payments, as it allows them to offer foreign currency transactions without needing to have a direct relationship with every bank worldwide. And I don't find Santander acted unreasonably in doing so here.

I've listened to the phone calls Mr R had with Santander and I accept he was told charges were likely to have been applied by the intermediary bank. It also gave the same impression in its written response to his complaint. However, having reviewed the available information, I'm satisfied Mr R wasn't charged an additional fee for this transaction. And ultimately, I find the transaction was carried out correctly.

Santander paid Mr R £50 in compensation because it thought he received incorrect information in branch when he was told there wouldn't be a charge for the transfer, but I'm satisfied this information was correct. However, I find that during phone calls with Santander, Mr R was given incorrect information regarding charges being applied, and I think this caused unnecessary frustration and confusion. Had he been given accurate information, Mr R wouldn't have needed to phone Santander as many times as he did. But I find the £50 it already paid is fair compensation for the inaccurate information given over the phone and the inconvenience this caused. So, I won't ask Santander to do anything more than it already has.

### **My final decision**

For the reasons given above, I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 13 September 2023.

Oluwatobi Balogun  
**Ombudsman**