



The complaint

Mr and Mrs W complain Santander UK Plc gave them a poor rate for a foreign exchange.

What happened

Mr and Mrs W had a cheque, in Euros, for a large amount. Mr and Mrs W paid the cheque into Santander and added a note asking to be contacted when it was time to exchange the amount from Euros to Sterling.

Mr and Mrs W were told they couldn't call the team responsible for the exchange, but the team would contact them. This never happened, and the cheque was exchanged to Sterling without any discussion with Mr and Mrs W.

Mr and Mrs W felt the exchange rate they received was worse than they could have got elsewhere, so they complained to Santander. Santander said there was no guarantee of the rate, and even if Mr and Mrs W had been called, the rate would have been the same.

Unhappy with this response, Mr and Mrs W brought their complaint to this service. An investigator looked into things and didn't think Mr and Mrs W's complaint should be upheld.

The investigator said Santander's terms and conditions say it will use different rates for different transactions. The investigator thought it was fair for Santander to determine the rate on the day the transaction was completed.

The investigator acknowledged Mr and Mrs W had some poor communication with Santander, it shouldn't have told them it would contact them about the rate. But, regardless of this, the investigator thought it wouldn't have made a difference to the rate.

Mr and Mrs W didn't agree, and said other businesses were able to confirm the rate before the exchange. And Mr and Mrs W felt a large transaction, like the one they were carrying out, should benefit from the spot rate or very close to it.

Mr and Mrs W asked for an ombudsman to decide things.

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.

Mr and Mrs W were paying in a cheque in Euros. This is quite important, and different from a direct transfer from a Euro account to a Sterling account.

Santander cleared the cheque via collection. This means it sent the cheque to the overseas bank it was drawn on and asked it to clear the cheque. At this point, Santander is no longer in control of when, or if, the cheque will clear.

Once the cheque has been verified by the overseas bank it sends a payment to Santander, for onward payment to Mr and Mrs W's account. Since Santander isn't making the payment, and doesn't know when it will receive it, it's difficult for it to guarantee a rate.

I've looked at the rate Mr and Mrs W received. I've also looked at the Bank of England's mid-rate for the day as well as the day's high and low rate. The rate Mr and Mrs W received was better than the lowest rate for the day.

Looking at the highest rate for the day, there's a difference of less than 1% between this rate and the rate Mr and Mrs W received from Santander.

Mr and Mrs W feel Santander should have given them a rate equal, or close to, the spot rate for the day. I think Santander has done that. Santander's rate is very close to the highest rate for the day.

And since Santander didn't know when the payment was coming in, or when the best rate for the day would be, I think Mr and Mrs W have received a very competitive rate.

The cheque Mr and Mrs W paid in was for a large amount of money. So, I accept even a 1% variance to the rate has meant a fairly substantial difference in the Sterling amount Mr and Mrs W received. But I still think Santander's given Mr and Mrs W a competitive rate.

Mr and Mrs W have mentioned some other businesses which might have given a better rate. But these businesses don't appear to accept cheques in foreign currencies, their rates and booking facilities are for direct transfers from overseas.

I don't think Mr and Mrs W had any other option but to use a high street bank to clear this cheque. And because of this I don't think Santander's poor service, around promising a call back from the team responsible for exchanging the cheque, made a difference.

If Mr and Mrs W had been told the right thing by Santander, that they couldn't book a rate for this type of payment, I think it's likely Mr and Mrs W would have explored other options.

But I think Mr and Mrs W would have found their options limited, and in all likelihood come back to Santander to clear the cheque anyway.

I don't think Santander's poor communication caused a loss to Mr and Mrs W, I think they'd always have used Santander to clear the cheque. And because of this Mr and Mrs W would always have received the rate Santander gave on the day, without the ability to pick a rate.

I don't think Mr and Mrs W were ever in a position where they could pick a rate with Santander.

And since the rate Mr and Mrs W received was very close to the day's high rate, I don't think Santander needs to do anything to resolve this complaint.

My final decision

My final decision is I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs W to accept or reject my decision before 27 October 2023.

Chris Russ
Ombudsman