



<b><u>Decision Ref:</u></b>	2020-0285
<b><u>Sector:</u></b>	Banking
<b><u>Product / Service:</u></b>	Money Transfer (between accounts/between banks)
<b><u>Conduct(s) complained of:</u></b>	Fees & charges applied
<b><u>Outcome:</u></b>	Rejected

#### **LEGALLY BINDING DECISION OF THE FINANCIAL SERVICES AND PENSIONS OMBUDSMAN**

#### **Background**

The Complainant holds a Sterling Account -001, which feeds a Sterling Loan Account -784; each account is held with the Provider. The Complainant receives a monthly sterling payment into Account -001 by way of rental proceeds, from a third party bank, in the UK.

The Complainant contends that on two occasions (**25 August 2016** and **27 February 2017**), payments were wrongfully converted by the Provider into Euro, and then converted back to Sterling, before being credited his Account, thereby causing him financial loss.

It is these two transactions which form the basis of the Complainant's complaint.

#### **The Complainant's Case**

The Complainant submits that on two separate occasions, the Provider received payment in GBP Sterling (from another GBP Sterling account) but proceeded to convert it into Euro and then back into GBP, causing him a financial loss in the process.

The Complainant also complains that the Provider charged him a GBP£10 fee on these transactions, which he does not consider is appropriate, given that it is a GBP account. The Complaint submits that the third party bank statement with which he was furnished, shows payment received of GBP£1,225 which was converted by the Provider to Euro (less a 10GBP fee that was charged).

He submits that the Provider should not unfairly charge him for the service its offers, which is the purpose of him having a GBP account.

The Complainant points to the "Swift Info" furnished to him by the Provider in respect of the transactions and in particular, "Line 33B: GBP 1,215", as being proof that GPB was the original currency received by it. He contends that this would only needed to have been converted if the monies received were not GBP. He submits that the Provider converted it to Euros, then reconverted it back to GBP and refutes the Provider's contention this is the fault of the third party bank, which he says "is clearly not the case".

The Complainant submits that his bank statements show that each month a payment is received of GBP 1,215, and he queries why on these two particular dates the Provider "saw fit to change the currency". He also queries whether the charge imposed by the Provider of GBP 10 each month is appropriate.

The Complainant also queries why he received a "Dummy Account" statement from the Provider, in relation to his loan account.

The Complainant is seeking to have the differential in the two payments in question of GBP 1,215 reinstated to his account.

### **The Provider's Case**

The Provider notes that on **25 August 2016**, the Complainant queried the amount credited to his Sterling Account as it was less than he had expected. The Complainant was expecting a sterling payment of £1,215.

The Provider submits that each of the payments, the subject matter of this complaint was however received by it in Euro.

It submits that having investigated the matter, the third party bank confirmed that the funds were received by the Provider in Euros.

Regarding the payment of **25 August 2016** - it says that as a direct result of the instruction it received, the Euro amount was converted to GBP at the rate of that day (rate as at 25 August 2016: £0.8311stg = €1, €1,384.49 @ 0.8311 = £1,150.65). The Provider then credited the Sterling Account in the amount of £1,150.65. The Complainant was provided with a copy of the "Advice of Payment" notification, which issued on **25 August 2016**.

The Provider submits that the originating currency amount was GBP 1,215.00 (being the amount that left the remitter - Ms D's account). The amount received by the Provider was €1,384.49. It submits that the swift message (the payment instruction details) which the Complainant has been provided with, confirms this.

The Provider submits that on all Swift message payment instructions it will show the originating currency amount and the currency amount sent i.e. "33B GBP1215" and that this was the amount that left the remitter's account.

/Cont'd...

However, it says that "32A EUR1384.49" was the currency and amount which the remitter's bank (the third party bank) sent to the Provider. This, it submits, meant that the funds were converted from GBP to Euro by the third party bank and then upon receipt, the Provider (as instructed by the remitting third party bank), converted the Euro amount back to GBP, to credit the Complainant's Sterling Account.

It submits that it converted the Euro amount to GBP at the prevailing rate of the day and acknowledges that this resulted in a loss in funds for the Complainant. It refers to Clause 8.2.4 of the Terms and Conditions governing the Sterling Account, which states:

*" 8 Accounts:*

*8.2.4 We will accept payments to your Account in a currency other than the currency of the Account. If you wish to make such a payment, we will convert the currency of your payment into the currency of the Account to which the payment is to be applied at the prevailing exchange rate applicable to that Transaction size on the date on which we receive funds. You and the Bank will make all reasonable efforts to agree the exchange rate in advance of completing larger value transaction (i.e. > €70,000 equivalent). In the event of this not being possible, and if you have an issue with the Transaction, you will promptly (i.e. within 7 days) bring this to the attention of the Bank. Any fees which we incur as a result of such conversion shall be borne by you."*

On **27 February 2017**, another payment was made to the Sterling Account giving rise to the same issue. The Provider issued an "Advice of Payment" to the Complainant confirming payment in the amount of €1,388.99 had been received by it on **27 February 2017**.

On **03 March 2017**, the Complainant contacted the Provider querying the payment credited to his Sterling Account as it was less than the payment of £1,215 he was expecting from the remitter.

The Provider submits that having investigated the matter, it confirmed to the Complainant that the funds were received by it in Euros, in the amount of €1,388.99.

It says that as a direct result of this instruction, the Euro amount was converted to GBP at the rate of that day (Rate as at 27 February 2017: £0.829stg = €1, €1,388.99 @ 0.829 = £1,151.47). The Provider then credited the Sterling Account in the amount of £1,151.47. The Complainant was provided with a copy of the "Advice of Payment" notification issued on **27 February 2017**.

The Provider submits that the originating currency amount was GBP 1,215.00 (the amount that left the remitter - Ms D's account). The amount received by the Provider was €1,388.99.

The Provider says that upon investigation, it was confirmed to the Complainant by email on **06 March 2017** that:

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*"...from previous transaction that [the Provider] received Sterling from [third party bank] and as instructed paid the funds into your GBP account. However with reference to this particular payment [the Provider] received EURO from [third party bank]- the exchange from your GBP to Euro was done before it reached [the Provider], and we were instructed to pay the EURO received into the account number quoted. [The Provider] can do nothing about the currency received or the instruction given. You will have to contact your Remitter to investigate on their side as it would appear that the error was made by their bank."*

On **07 March 2017**, the Complainant emailed the Bank and stated:

*"...this is simply GBP to a sterling account & it shouldn't incur FX fees or a change in amount other than the standard fee."*

The Provider responded to the Complainant and advised that the instruction given by the remitter (Ms D) was received in Euro.

*"It would appear that the payment sent by [Ms D.] was sent to us in EURO and this is where the problem lies. [Ms D.] needs to contact her bank and ask why they sent Euro."*

The Complainant was provided with a copy of the Swift payment information received by the Provider and it directed the Complainant to Code 32A which shows the currency received:

**:32A:170227EUR1388,99**

**:33B:GBP1215,**

It submits that again it re-iterated in the email thread of **07 March 2017**, that the funds had been received by it in Euros:

*"Field 32a = the date and currency and amount received into [the Provider] from [third party Provider]*

*Field 33b is the originating amount i.e. the currency that left [Ms D's] account in the UK.*

*Can you please send a copy of this to [Ms D] to take to her Bank to query as there is nothing more we can do here. We cannot change what we received and would have no reason to."*

The Provider raised a query with the remitter's bank, on **15 March 2017**, requesting clarification of the payment which had been sent by the remitter.

It received a response on **22 March 2017**, which confirmed the payment had been issued in Euros and that it had acted upon the instruction given by the remitter, Ms D in this regard:

***"PLEASE BE ADVISED PAYMENT WAS SENT  
IN EUR AT THE REMITTERS REQUEST  
PLEASE HAVE THE BENEFICIARY DEAL  
DIRECTLY WITH THE ORDERING CUSTOMER***

/Cont'd...

THANK YOU"

The Provider submits that this *"is a confirmation from [third party bank] as to what the Bank has been stating to the Complainant from the beginning when the complaint was first raised. The funds were sent in Euro by the remitter and this is outside of the control the Bank."*

As a point of comparison, the Provider submits that it checked the previous payment received on **03 January 2017**, whereby the funds were received in GBP and the currency quoted is GBP in both 32A and 33B fields.

:32A:170130GBP1215,

:33B:GB1215,

The Provider notes that the Complainant was dissatisfied with its response and contacted it again on **21 March 2017**. The Provider submits that it attempted to telephone the Complainant on **22 March 2017** and **23 March 2017** to discuss the matter. However, this was unsuccessful and two voicemails were left on the Complainant's phone.

The Provider responded to the Complainant's email dated **24 March 2017** again confirming the payment dated **27 February 2017** was received by it in Euro not GBP.

The Provider advised the Complainant that the response from the remitter's bank confirmed to it that the payment was issued in Euro and the Complainant would have to contact the remitter directly to query why this was the case.

Regarding the issue of the charge of GBP10 which was allegedly applied to payment received on **27 February 2017**, the Provider says it understands that the Complainant is referring to a GBP10 charge, quoted in a copy of the payment receipt from the third party provider, the remitter's bank. This, it says, is a charge applied to the remitter by the remitter's bank. The Provider says that it did not charge the Complainant GBP10.

It submits that the fees which were applied by the Provider were in conjunction with the conversion of the payment to GBP and are listed on the relevant Advice of Payments which issued.

Regarding the issue raised by the Complainant as to why he received a "Dummy Account" statement from the Provider, the Provider submits as follows:

The Complainant opened the Sterling Account -001 in 2008 with the Provider, which feeds a Sterling Loan Account -784.

The "Dummy Account statement" the Complainant has received refers to the Complainant's GBP Loan Account number -784. The Provider submits that this type of statement is an internal account reconciliation mechanism which it has now suppressed and will no longer issue.

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The Provider's position is that it has at all times acted in accordance with its obligations and that it simply acted on the direct and clear interbank payment instructions which it received.

### **The Complaint for Adjudication**

The Complainant's complaint is that on two separate occasions the Provider converted a GBP payment it received into Euro then reconverted the monies to GBP before applying the monies to his account, thereby causing him financial loss.

The Complainant also complains that the Provider has wrongfully and/or unreasonably imposed a monthly £10 charge, without any basis for so doing.

### **Decision**

During the investigation of this complaint by this Office, the Provider was requested to supply its written response to the complaint and to supply all relevant documents and information. The Provider responded in writing to the complaint and supplied a number of items in evidence. The Complainant was given the opportunity to see the Provider's response and the evidence supplied by the Provider. A full exchange of documentation and evidence took place between the parties.

In arriving at my Legally Binding Decision I have carefully considered the evidence and submissions put forward by the parties to the complaint.

Having reviewed and considered the submissions made by the parties to this complaint, I am satisfied that the submissions and evidence furnished did not disclose a conflict of fact such as would require the holding of an Oral Hearing to resolve any such conflict. I am also satisfied that the submissions and evidence furnished were sufficient to enable a Legally Binding Decision to be made in this complaint without the necessity for holding an Oral Hearing.

A Preliminary Decision was issued to the parties on **24 June 2020**, outlining the preliminary determination of this office in relation to the complaint. The parties were advised on that date, that certain limited submissions could then be made within a period of 15 working days, and in the absence of such submissions from either or both of the parties, within that period, a Legally Binding Decision would be issued to the parties, on the same terms as the Preliminary Decision, in order to conclude the matter.

Following the consideration of additional submissions from the parties, the final determination of this office is set out below.

I note the following timeline of events in relation to the complaint:

The Provider submits that on **25 August 2016** it received payment from a third party bank in the amount of €1,388.99, for credit to the Complainant's Account. The Complainant submits that it was the Provider that converted the monies it received, in GBP into Euro.

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On **27 February 2017** the Provider submits that it received payment from third party bank in the amount of €1,388.99, to credit to the Complainant's Sterling Account. The Complainant submits that it was the Provider that converted the monies it received, in GBP into Euro.

On **03 March 2017** the Complainant sent an email to the Provider querying the amount received into his account on **27 February 2017**.

In this email the Complainant advised that his statement showed that his:

*"GPB rent been transferred into euro and back again with a loss.  
I receive 1,215 GBP each month; yet in the below statement the credit is for 1,141,57 GBP.  
I can't understand this. There should be no confusion around this type of transaction. GBP should hit my GBP account and there should be no exchange rate applied as has been the case for the past ten years.  
Also can you please provide me with the balance in the feeder account."*

The Provider responded by email of **06 March 2017** that:

*"I can see from previous transactions [the Provider] received Sterling from [the third party provider] and as instructed paid the funds into your GBP account. However with reference to this particular payment [the Provider] received Euro from [third party bank] – the exchange from your GBP to Euro was done before it reached [the Provider] and we were instructed to pay the Euro received into the account number quoted.  
[The Provider] can do nothing about the currency received or the instruction given. You will have to contact your Remitter to investigate on their side as it would appear the error was made by their bank"*

The Complainant replied that:

*"...This is simply GBP to sterling account and it shouldn't incur FX fees or a change in amount other than the standard fee  
I want a swift clear resolution and the original 1215GBP to be lodged and replaced by the incorrect amount that has been lodged"*

By separate email of **07 March 2017** to the Provider, the Complainant submitted that:

*"It has already been verified. GBP was sent into [third party bank] from her GBP account and it's clear from your data.  
Why would someone send EUR from a GBP account to a GBP account after months of this repeating direct debit?  
I will be escalating this."*

The Provider responded by email of the same day to the Complainant:

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*"[Complainant's name]*

*Re the Codes below*

*Field 32a = the date and currency and amount received into [the Provider] from [third party bank]*

*Field 33b is the originating amount i.e, the currency that left [Ms D's] account in the UK.*

*Can you please send a copy of this to [Ms D] to take to her bank and query as there is nothing more we can do here.*

*We cannot change what we receive and would have no reason to."*

The Complainant was dissatisfied with this response and re-iterated that:

*"In your swift message it also states: 33B: GBP 1215*

*That's the received amount if you knew how to read a swift message."*

The Provider responded:

*The issue is not with the [Provider] [account]. The instruction from [Ms D] came into [the Provider] in Euro...It would appear the payment sent in by [Ms D] was sent to us in EURO and this is where the problem lies.*

*[Ms D] needs to contact her and ask why they sent Euro.*

*The below is a copy of the payment received by [the Provider]*

*32A Code below shows the currency received. We are obliged to process the payments received. [Ms D] will have to contact her bank to resolve.*

On **21 March 2017** the Complainant submitted to the Provider that:

*As stated repeatedly GBP1215 was sent to that account. There is clear evidence and you also provided to me the swift details that also state this, yet still refuse to accept?*

**24 March 2017** the Provider emailed the Complainant, advising of a message it had received from the third party provider, which stated:

**"PLEASE BE ADVISED PAYMENT WAS SENT  
IN EUR AT THE REMITTERS REQUEST  
PLEASE HAVE THE BENEFICIARY DEAL  
DIRECTLY WITH THE ORDERING CUSTOMER  
THANK YOU"**

The Complainant remained dissatisfied and replied by even date that *"the instruction to my account again states GBP so there is an issue that is not being fully investigated."*

The Provider emailed on the same date, attaching an internal message of the provider, which included a recommendation that:

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*“Customer at this stage needs to go back to the remitter and confirm what exactly was requested when instruction was filled out in branch/submitted online. Either the remitter filled out the form incorrectly and requested Euro to be sent or [third party bank] converted due to some internal policy. [The Provider] acted on instruction and converted from the received Euro amount into the customer’s GBP GM account.*

By email dated **27 March 2017** the Complainant contacted the Provider:

*“This is going around in circles.  
Can we agree that GBP was sent based on the evidence I provided you?  
The issue around the currency linked to the account still hasn’t been verified, can you please get a confirmation from [third party bank] that nothing linked to either account at [the Provider] or [third party bank] is in Euro?”*

The Provider’s Final Response Letter is undated but the Provider submits that this issued to the Complainant on **14 March 2017**.

The letter re-iterated the Provider’s position that it had received and been instructed to pay Euro funds into his sterling account, by the remitter’s bank and that it was unable to amend any instruction received in regard to the currency received. It advised:

*“the remitter of the funds must now query the payment with their bank. I have printed on a separate page the details received in that regard to the payment. You may wish to provide these details to the remitter.”*

The Complainant however disputes that the payment which was made to his account and accepted by the Provider was in a currency other than GBP. His contention is that the Provider converted it to Euros and then back to Sterling.

#### SWIFT Information

In examining this aspect of the Complainant’s complaint, I have had regard to the SWIFT information furnished in relation to the disputed transactions. I have also had regard to a document published by SWIFT, in 2014, which provides guidance as regards the interpretation of SWIFT Information. In the interests of clarity, and taking into account the Complainant’s post preliminary submissions, it should be noted that this document was not furnished in evidence by the Provider but rather this was shared with each of the parties, by this Office.

Whilst I have noted and taken into account the Complainant’s post preliminary submissions arising from his consideration of the materials provided, I nonetheless consider that I must stand over the position as set out within the Preliminary Decision previously issued to the parties.

The document in question published by SWIFT, is entitled “Standards”

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*Category 1 - Customer Payments and Cheques*

*For Standards MT November 2014*

*Message Reference Guide*

*Standards Release Guide*

*This reference guide contains the category 1 message text standards, including a detailed description of the scope, the format specifications, the rules, the guidelines, and the field specifications of each message type.*

The guidance paper provides the following information as regards the message type relevant to the within transactions:

***MT103 Single Customer Credit Transfer***

***...MT 103 Scope***

*This message type is sent by or on behalf of the financial institution of the ordering customer, directly or through (a) correspondent(s), to the financial institution of the beneficiary customer.*

*It is used to convey a funds transfer instruction in which the ordering customer or the beneficiary customer, or both, are non-financial institutions from the perspective of the Sender...*

It also provides useful details regarding the Codes. It sets out the following in relation to Codes 32A, 33B and 36, which are of particular relevance to the within complaint:

***6. Field 32A: Value Date/Currency/Interbank Settled Amount***

***FORMAT***

***Option A6!n3!a15d(Date)(Currency)(Amount)***

***PRESENCE***

***Mandatory***

***DEFINITION***

***This field specifies the value date, the currency and the settlement amount. The settlement amount is the amount to be booked/reconciled at interbank level.***

*[emphasis added]*

***7. Field 33B: Currency/Instructed Amount***

***FORMAT***

***Option B3!a15d(Currency)(Amount)***

***PRESENCE***

***Conditional (see rules C2 and C16)***

***DEFINITION***

***This field specifies the currency and amount of the instruction. This amount is provided for information purposes and has to be transported unchanged through the transaction chain.*** ...

***USAGE RULES***

/Cont'd...

If field 33B is present in the message received, it has to be forwarded unchanged to the next party.

This field must be present when a currency conversion or an exchange has been performed on the Sender's side.

[emphasis added]

### 8. Field 36: Exchange Rate

FORMAT

12d(Rate)

PRESENCE

Conditional (see rule C1)

DEFINITION

This field specifies the exchange rate used to convert the instructed amount specified in field 33B.

...

USAGE RULES

This field must be present when a currency conversion or an exchange has been performed on the Sender's side.

[emphasis added]

It also provides by way of illustration an example of an MT103 transfer:

#### Examples: Transaction A

- Pay the equivalent of EUR 1000,00 in GBP to a beneficiary in the United Kingdom
- Exchange rate is 1 EUR for 0,61999 GBP
- Transaction charges on the Sender's side are EUR 5,00 (=GBP 3,1)
- Transaction charges on the Receiver's side are GBP 4 (=EUR 6,45)

#### Example A2: Charging option is SHA

A. Amount debited from the ordering customer's account:

Instructed amount	EUR	1000,00
+ Sender's charges	EUR	5,00
= Debit amount	EUR	1005,00

B. MT103 extract:

Field Tag	Content
33B	EUR 1000,00
71A	SHA
36	0,61999
32A	GBP 619.99

C. The subsequent MT950 shows one debit entry for GBP 619,99, that is, field 32A.

D. Amount credited to the beneficiary:

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<i>Interbank settlement amount</i>	<i>GBP</i>	<i>619,99</i>
<i>- Receiver's charges</i>	<i>GBP</i>	<i>4,00</i>
<i>= Credit amount</i>	<i>GBP</i>	<i>615,9</i>

Upon consideration of the above example, in which the instruction was to “Pay the equivalent of EUR 1000 in GBP to a beneficiary”, this resulted in field 33B showing 1,000Eur, while field 32A showed GBP 619.99.

It seems that if one were to reverse the details of the example provided, for example, if the instruction was rather to pay the equivalent of £1,000GBP, in Euro, to a beneficiary, then one would expect to see Line 33B as 1,000GBP and the interbank settlement figure in Euros, at line 32A.

### The Disputed Transactions

The Complainant has submitted, within his post preliminary submissions, that

*“The issue is you have failed to answer; the most basic question I presented from the start, why did the Swift information show the receipt of 1215 on line 33b plus the payment order sent shows the GBP conversion to euro, as result of the receiving account been EURO not GBP. Have you investigated this?”*

*Also - see attached the original payment where GBP is transferred into euro, how could this be possible if the receiving a/c was GBP?”*

He has further submitted that *“...You ignored the most important piece of information, the actually code and detail behind all money movements. Have you received or asked for the swift info, that I raised numerous times?”*

It is unclear why the complainant has overlooked the Swift information which was set out within the Preliminary Decision which issued to the parties. Below, again, is the Swift information relating to the two disputed transactions, which were furnished in evidence as part of the investigation into the within complaint, within the Provider’s formal response, a full copy of which was made available to the Complainant at the relevant time.

### **Swift Message – Disputed Transaction 1**

#### **MT103 Single Customer Credit Transfer – Incoming Message**

**...Date Sent: 25-AUG-2016**

*Text Block (Block 4)*

<i>:20/ Sender’s Reference:</i>	<i>xxxxxxxxxx271</i>
<i>:23B/Bank Operation Code:</i>	<i>CRED</i>
<i>:32A/Value Date/Currency/Interbank Settlement Amount:</i>	<i>160825EUR1384.49</i>
<i>:33B/Currency/Instructed Amount:</i>	<i>GBP1215</i>

/Cont’d...

<u>:36/Exchange rate:</u>	<u>1,1395</u>
:50k/Ordering Customer:	xxxxxxxxxxx968 [Remitters Name and Address]
:52A/Ordering Institution:	[third party provider details]
:59/Beneficiary Customer:	!Exxxxxxxxxxxxxxxxx001 [Complainant's name and address]
:71A/Details of Charges:	SHA [emphasis added]

**Swift Message – Disputed Transaction 2**

**MT103 Single Customer Credit Transfer – Incoming Message**

**...Date Sent: 27-FEB-2017**

Text Block (Block 4)

:20/ Sender's Reference:	xxxxxxxxxxx271
:23B/Bank Operation Code:	CRED
<u>:32A/Value Date/Currency/Interbank Settlement Amount:</u>	<u>170227EUR1388.99</u>
<u>:33B/Currency/Instructed Amount:</u>	<u>GBP1215</u>
<u>:36/Exchange rate:</u>	<u>1,1432</u>
:50k/Ordering Customer:	xxxxxxxxxxx968 [Remitters Name and Address]
:52A/Ordering Institution:	[third party provider details]
:59/Beneficiary Customer:	!Exxxxxxxxxxxxxxxxx001 [Complainant's name and address]
:70/Remittance Information:	Rent
:71A/Details of Charges:	SHA [emphasis added]

Analysis

Taking into account the meaning and effect of each of the codes in question, as applied to the SWIFT messages pertaining to the disputed transactions, I am satisfied as to the following:

Field 32A represents the interbank settlement amount, being the amount received by the Provider. In relation to Disputed Transaction 1, this was €1384.49. In relation to Disputed Transaction 2, this was €1388.99

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Field 33B specifies the currency and amount of the instruction regarding payment, the instruction being on the remitter's side. In each instance this was GBP1,215.

Field 36: Exchange Rate, is present in circumstances where a currency conversion or an exchange has been performed on the *Sender's* side. The Presence of Field 36: Exchange Rate, in each instance here, therefore identifies that a currency conversion was performed, from GBP to Euro, on the Sender's side, rather than on the Provider's side.

It appears from the above information, therefore, that the conversion into Euro was performed on the Sender's side and that the interbank settlement amount/the payment received by the Provider, was in Euro.

Due to the fact that the Complainant's account was a sterling account, the Provider then proceeded to converted it to sterling, prior to applying it to the Complainant's account.

With regard to the Complainant's submission as to, "*why did the Swift information show the receipt of 1215 on line 33b plus the payment order sent shows the GBP conversion to euro*" – from the above, it is clear that line 33b does not show monies received, but rather it shows the instructed amount, on the sender's side. Rather, it is line 32a which shows the monies received. As regards the conversion of GBP to Euro, Field 36 identifies that this was performed by the third party provider and not, as the Complainant contends, "*as result of the receiving account been EURO*".

That payment was received by the Provider in Euro, is further supported by the "*Advice of Payment*" documents for the transactions in question, as well as by the correspondence between the remitter's bank and the Provider, the most significant of which contains confirmation by the third party, remitter's bank, that "*Payment Was Sent In Eur At The Remitters Request.*"

"Advice of Payment" receipts

Two "*Advice of Payment*" receipts have been furnished in respect of the disputed transactions. The first in time is dated **25 August 2016**. It contains the following details:

*By order of: [Remitter's Name and Address]*

*Beneficiary: [Complainant's Account -001, Complainant's name and address].*

*We have been requested to effect the following payment*

*Amount: 1,384.49 EUR*

*One Thousand Three Hundred and Eighty four Eur – 99*

*Originating Currency*

*Amount 1,215.00 GBP*

*Exchange Rate 1.1395*

*Details of Payment*

*Value Date: 25 Aug 16*

/Cont'd...



Exchange 1,384.49 EUR

Rate 0.8311

Euro Equivalent 1,150.65 GBP

[Provider] Charge 4.16 GBP

CR Amount 1,150.65 GBP

[emphasis added]

The second is dated **27 February 2017**. It contains the following details:

By order of: [Remitter's Name and Address]

Details of Payment: Rent

Beneficiary: [Complainant's Account -001, Complainant's name and address].

We have been requested to effect the following payment

Amount: 1,388.99 EUR

One thousand three hundred and Eighty Eight Eur – 99

Originating Currency Amount 1,215.00 GBP

Exchange Rate 1.1432

Details of Payment

Value Date: 27 Feb 17

Exchange 1,388.99 EUR

Rate 0.829

Euro Equivalent 1,151.47 GBP

[Provider] Charge 4.15 GBP

CR Amount

1,151.47 GBP

[emphasis added]

Correspondence between the third party provider and the Provider

Upon receiving a complaint from the Complainant regarding the reduced funds into his account, the Provider wrote to the third party provider on **15 March 2017** querying the payment, it wrote:

PLEASE BE ADVISED THAT BENEFICIARY ACCOUNT IS HELD IN GBP, CUSTOMER EXPECTED GBP 1215.00  
HOWEVER WE RECEIVED EURO 1388.99 AND AFTER CONVERSION CUSTOMER WAS CREDITED 1151.47  
PLEASE URENTLY INVESTIGATE REASON FOR CONVERSION AND PAY SHORTFALL GBP 63.53 TO BEN ACCOUNT  
PLEASE REVERT AND CONFIRM YOUR ACTIONS

The third party bank replied by message of **22 March 2017**:

PLEASE BE ADVISED PAYMENT WAS SENT  
IN EUR AT THE REMITTERS REQUEST  
PLEASE HAVE THE BENEFICIARY DEAL  
DIRECTLY WITH THE ORDERING CUSTOMER

/Cont'd...

THANK YOU

[emphasis added]

This was forwarded to the Complainant on **24 March 2017**.

The Complainant has queried how, "*where GBP is transferred into euro, how could this be possible if the receiving a/c was GBP*". Having had detailed regard to all of the information and evidence available, I am satisfied that it shows that the payment in question was issued by the third party provider, in Euro (in the amount equivalent to GBP1,215), and this was done upon instruction by the sender. It was then required to be converted into Sterling and applied to the Complainant's account, by the Provider, because the account was, as the Complainant points out, a GBP account.

Overall, I am satisfied from consideration of the evidence before me, that the funds for both transactions were received by the Provider in Euro and that these payments were subsequently converted by it to GBP and applied to the Complainant's Sterling account. This conduct is in accordance with the terms and conditions of the Sterling Account, which provides for conversion by the Provider into sterling and also for a fee to be charged in this respect, as per:

Clause 8.2.4 of the Terms and Conditions governing the Complainant's Account, which states:

*" 8 Accounts:*

*8.2.4 We will accept payments to your Account in a currency other than the currency of the Account. If you wish to make such a payment, we will convert the currency of your payment into the currency of the Account to which the payment is to be applied at the prevailing exchange rate applicable to that Transaction size on the date on which we receive funds. You and the Bank will make all reasonable efforts to agree the exchange rate in advance of completing larger value transaction (i.e. > €70,000 equivalent). In the event of this not being possible, and if you have an issue with the Transaction, you will promptly (i.e. within 7 days) bring this to the attention of the Bank. Any fees which we incur as a result of such conversion shall be borne by you."*

Consequently, I am satisfied that the Provider was permitted to apply the fees which it did, the amount of which was set out within the Advice of Payment receipts.

In relation to the Complainant's complain that he has been wrongfully and/or unreasonably charged £10 per month I have had regard to the copy of transfer details from third party remitting bank, headed with the third party provider's logo and entitled, "Print Confirmation". This appears to be the document which the Complainant relies on as demonstrating that he has been the subject of a charge. However, this is clearly a copy of the payment receipt from the third party bank, to the remitter confirming,

*"We've received your payment instruction to pay 1215GBP to [the Complainant]"*

/Cont'd...

... **"Amount 1215 GBP = 1388.99 EUR, Fees £10.00 GBP. Please note: Your recipient's bank might charge them an additional amount to receive the payment. Payment Total 1225.00 GBP."**

Contrary to the Complainant's complaint that he was charged £10.00 by the Provider, I am satisfied that there is a misunderstanding on the part of the Complainant in this regard and that it was the remitter who incurred a fee of £10 from her bank. Although the Complainant has submitted that he was charged £10 by the Provider in this instance and on a monthly basis, having reviewed all of the documentation, I do not find any evidence from the documentation submitted to support this contention.

I note however that charges were imposed by the Provider in respect of the two disputed transactions. As per the "Advice of Payment" receipts furnished by the Complainant to the Provider, charges were applied by the Provider, arising from the conversion - £4.16 was applied by Provider on **25 Aug 2016** and £4.15 GBP was applied by the Provider on **27 February 2017**.

I accept that the terms and conditions of the relevant account provides for the imposition of such charges in conjunction with the conversion of payments into the account, within Clause 8.2.4 of the Terms and Conditions of the Sterling Account:

**8 Accounts:**

*8.2.4 We will accept payments to your Account in a currency other than the currency of the Account...Any fees which we incur as a result of such conversion shall be borne by you. "*

Finally, the Complainant seeks an explanation as to why he received a "Dummy Statement" in connection with his Loan Account -784, from the Provider. In the absence of any further detail as to the Complainant's issue with this statement, save that he is seeking an explanation in respect of same, I accept the Provider's explanation that this type of statement is an internal account reconciliation mechanism which it has now suppressed and will no longer issue.

I note that both the Provider and the third party bank strongly recommended that the Complainant revert to the remitter for an explanation as to why payment was instructed in Euro. However, he does not appear to have done this. Had he done so, perhaps matters could have been resolved at an early stage. In any event, I am satisfied from the foregoing considerations which I have set out above that the Provider is not the party responsible for the conduct of which the Complainant complains, namely the conversion of the funds in question to Euro and I accept that this conversion occurred prior to the receipt of the monies by the Provider.

Overall, and on the basis of the foregoing considerations, I do not find that there are any grounds on which it would be reasonable to uphold the Complainant's complaint.

/Cont'd...

**Conclusion**

- My Decision pursuant to **Section 60(1)** of the **Financial Services and Pensions Ombudsman Act 2017**, is that this complaint is rejected.

The above Decision is legally binding on the parties, subject only to an appeal to the High Court not later than 35 days after the date of notification of this Decision.



**MARYROSE MCGOVERN**  
**DEPUTY FINANCIAL SERVICES AND PENSIONS OMBUDSMAN**

26 August 2020

Pursuant to **Section 62** of the **Financial Services and Pensions Ombudsman Act 2017**, the Financial Services and Pensions Ombudsman will publish legally binding decisions in relation to complaints concerning financial service providers in such a manner that—

- (a) ensures that—
  - (i) a complainant shall not be identified by name, address or otherwise,
  - (ii) a provider shall not be identified by name or address,and
- (b) ensures compliance with the Data Protection Regulation and the Data Protection Act 2018.