

The complaint

Mr F complains that TransferWise Ltd failed to honour its guarantee that his money transfer would be carried out at a particular rate, which resulted in him losing over £600.

What happened

On a Friday in March 2019 Mr F transferred a large sum of money from an account in a foreign currency to his sterling account. TransferWise guaranteed the exchange rate for one business day; the weekend did not count as business days. The transfer was completed on the following Monday, but the money was converted at a less favourable exchange rate, causing Mr F a loss of over £600.

When Mr F complained, TransferWise told him that it had not received the money from the sending bank until more than 24 hours after Mr F set up the transfer (not counting the weekend). It said its terms and conditions, and the FAQ page on its website, had made it clear that if the money was not received within 24 hours then it would be converted at the mid-market rate, which might be more favourable or less favourable than the guaranteed rate – but that the transfer could take one to two business days. It added that it had been open to Mr F to cancel the transfer at any time before the money was converted – even after the guarantee had expired.

Mr F did not accept that explanation, for two reasons. Firstly, he had not seen evidence that the money had not been received in time. Secondly, he said the guarantee was misleading, because it suggested that the money would definitely be converted at the guaranteed rate, but that this might not actually happen because the transfer could take longer than 24 hours. He says that TransferWise shouldn't make promises it might not be able to keep. So he brought this complaint to our Service.

Our investigator did not uphold this complaint, for the reasons given by TransferWise. Mr F asked for an ombudsman's decision.

What I've decided – and why

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint.

I understand Mr F's argument about the guarantee being misleading, but I don't agree with it, because I think TransferWise's website makes it clear that a transfer might take more than 24 hours, while the exchange rate is only guaranteed for 24 hours. The website explains that after 24 hours, if the money hasn't been converted then it will be converted at a floating rate (see <https://transferwise.com/guaranteed-rate-conditions> at paragraph 1.2(c), and also

<https://transferwise.com/help/13/understanding-fees-and-rates/2978017/what-if-i-miss-my-guaranteed-rate>).

TransferWise says, and I accept, that nearly 97 per cent of transfers are carried out within 24 hours. I don't think the guarantee says or implies that 100 per cent of transfers will be carried out within 24 hours. It makes it clear that a transfer might sometimes take longer than that, and that the money won't be converted at the guaranteed rate once the guarantee has expired. If a customer doesn't want to take the risk that the floating rate might be less favourable than the guaranteed rate, then he can cancel the transfer at any time before the money is converted, before or after the 24 hours have elapsed.

There are two stages which a customer has to complete to transfer money to TransferWise. First, they have to set up the transfer on TransferWise's website, at which point TransferWise will provide a unique reference number. That begins the 24 hour guarantee period. Second, the customer has to instruct the bank which holds the funds – a third party – to transfer the money to TransferWise's account, using the reference number which was provided in the first stage. TransferWise's terms and conditions state that they are not responsible for any delay caused by the sending bank.

It is not in dispute that Mr F completed the first stage on the Friday at 00:06 GMT. The next business day was Monday, and so the 24 hour guarantee period expired at 00:06 on Monday. I think that the terms and conditions make it clear that TransferWise must receive the money by then – it's not enough just to send the money by then, which is the second stage. So the website says "For this reason, it's usually best to get your money to us as soon as possible."

The sending bank has provided a letter stating that it credited the money to an account with another company owned by TransferWise at 00:10 on the Monday. I have no reason to doubt what that letter says, and the same time and date appears in TransferWise's own records. That was already too late, but TransferWise received the money about five hours after that, and then converted it to sterling two minutes later, at 05:17. So I find that TransferWise didn't have to convert the money at the guaranteed rate, because it had expired.

I don't know for certain when Mr F completed the second stage, although I have noted that he told TransferWise he had instructed his bank to send the money at 13:14 on the Friday, so I infer that it was probably then or just before. But nothing turns on when that was, because that is not when the guaranteed rate period begins or ends.

My final decision

So my decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F to accept or reject my decision before 21 July 2020.

Richard Wood
Ombudsman