

The complaint

Mr and Mrs O aren't happy with how Santander UK Plc handled an international transfer. The transfer was returned which they say caused them to lose £1,824.54.

What happened

Mr and Mrs O asked Santander to transfer £100,000 to an overseas firm in America. They hadn't carried out this type of transfer before and relied on what Santander told them. Mr and Mrs O say they were asked if they wanted Santander to handle the exchange of the funds to local currency as well as the transfer. They said yes as they weren't aware of any potential difference this could make.

The transfer was returned because the funds had been converted into US Dollars. But the overseas account would only accept deposits in Sterling. So before the returned funds could be credited to Mr and Mrs O's account, they had to be converted back into Sterling by Santander. Because of this and an administration fee, Mr and Mrs O lost £1,824.54.

Mr and Mrs O complained to Santander who felt they'd acted correctly. They said Mr and Mrs O had been given the option of having the funds converted before they were sent. Or they could be converted by the beneficiary after they were transferred. Santander said they weren't aware the overseas account would only accept deposits in Sterling. They refunded the original £25 transfer fee and offered a further £30 for Mr O unnecessarily visiting a branch.

Our investigator looked at this complaint and felt that Santander had acted correctly. He said that Santander had carried out the instruction that Mr and Mrs O had given them. So he didn't ask Santander to do anything.

Mr and Mrs O didn't agree. In summary, they said:

- A third party had originally told them to use an intermediary to transfer the funds from Santander to the overseas account. This was what Mr and Mrs O originally wanted to do.
- But Santander insisted they'd transfer the funds via their own intermediary bank.
- This was the first time that Mr and Mrs O had carried out this type of transfer, so Santander shouldn't have solely relied on their instruction.
- Mr and Mrs O felt that during the call, Santander wanted to change the payment instruction rather than carrying out the one that Mr O was asked to complete by the third party.
- So Mr O had to decide during this call how to carry out the transfer.
- Mr and Mrs O feel that had Santander allowed them to use the intermediary or asked clearer questions about the transfer, they wouldn't have lost the £1,824.54.

The case then came to me for a decision.

I issued my provisional decision on 10 August 2020. In it, I said the following:

"It's clear that Mr and Mrs O suffered a loss. They originally transferred £100,000 to

the overseas account. And £98,175.46 was returned. So what I need to consider is whether Santander are responsible for this loss.

Santander have provided the call recording during which the transfer was carried out. I've listened to this and noted that:

- Mr O confirmed the payment was being sent to an account in the USA. He also confirmed that on a previous call, he was told the funds couldn't be sent via an intermediary bank and that Santander could only deal with the beneficiary.
- At one point, Mr O said "the Dollar fund". The operator asked Mr O if the funds needed to be converted into US Dollars. Mr O replied "that I'm not doing anything, I'm just transferring it as I'm complying with the application form ... The box that has been ticked is a Sterling Transfer, not a Dollar transfer". Mr O then added that he was trying to do what he'd been told to do, and that Santander had thrown him somewhat.
- The operator explained that Santander have their own intermediary banks when transferring funds overseas. So when they send funds to America, they'll send them the quickest and cheapest way for the customer. They also told Mr O that intermediary banks in America often charge more fees. But as Santander are a global bank, they don't need to use an intermediary.
- Mr O thanked the operator for explaining this. And then added that he assumed at this stage that the funds are in his account in Sterling, and that Santander will pick the intermediary bank best for the transfer that he's doing. Which will begin as a Sterling transfer. The operator said Santander can send the funds but it's up to him when the funds are converted. At this point, they asked Mr O if the funds are going to a Sterling account. Mr O replied that he's being asked questions that he's not qualified to answer.
- He then asked what would be the most expedient and cost-effective way of sending the funds. Before the operator could answer, Mr O said that he'll follow the most logical method of transferring the funds and if Santander could do this without the need of an intermediary bank, then he'd like them to take over the currency conversion.
- The operator added that because the funds are being sent in US Dollars, the transfer will be quicker. And Mr O agreed to proceed.

It's clear from the call that Mr O originally wanted to just send the funds and wasn't thinking about having them converted into US Dollars before they were sent. But after listening to what the operator said, he agreed to Santander converting the funds to US Dollars before sending them.

During this call Mr O didn't tell Santander the funds had to be transferred in Sterling, or that the funds would be returned if they weren't. I've considered the investment documentation that Mr and Mrs O have provided. This doesn't say that any incoming funds must be transferred in Sterling.

Mr and Mrs O have provided an email from the investment firm. They expressed their surprise at the difficulties Mr and Mrs O were having in arranging the transfer via the recommended intermediary bank. They said that Santander had sent funds to them via that method before. I asked Santander for their comments on this. And they've said that if Mr O had asked for the transfer to be completed in Sterling, the funds would have been sent to the intermediary Bank with all the details provided.

I also asked Santander for some additional call recordings. Having listened to these, it's clear that Mr O originally wanted to send the funds in Sterling via the intermediary. While Santander haven't provided the call in which he was told this wasn't possible, he

refers to this during the call in which the transfer was arranged. And the operator confirms this was correct.

Mr O originally wanted to transfer the funds in Sterling to the investment firm via the intermediary bank. But Santander told him this wasn't possible. Having looked at all the information provided, this wasn't correct. Santander have said the funds could have been sent in Sterling had Mr O requested this. But this is what he initially asked them to do. I'm satisfied he only changed his mind because Santander told him they could complete the transfer more cost-effectively. And this led to Mr and Mrs O to losing £1,824.54. So I'm persuaded that Santander should reimburse them for their loses.

I also think that as a result of the advice Santander provided, Mr and Mrs O have suffered trouble and upset. And to compensate them for this Santander should pay them £220 in addition to the £30 already paid.

So my provisional decision was that I upheld Mr and Mrs O's complaint.

Since I issued my provisional decision both parties have indicated that they accept that decision.

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 O have told us they're happy with my provisional decision and have no further points to make. Santander have said they've reviewed the case further and they agreed to my proposed settlement.

As both parties have told us that they accept my provisional decision there's no need for me to review my findings.

My final decision

For the reasons set out above and in my provisional decision my final decision is that I uphold Mr and Mrs O's complaint against Santander UK Plc.

And to put things right I require Santander to do the following:

- Pay Mr and Mrs O the £1,824.54 they lost due to the currency conversions.
- Pay them 8% simple interest on this amount from the date of their loss until payment is made.
- Pay a further £220 compensation for the trouble and upset they're suffered.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs O and Mr O to accept or reject my decision before 17 October 2020.

Patricia O'Leary
Ombudsman