

The complaint

Ms M complains about how TransferWise Ltd dealt with a foreign currency transaction.

What happened

Ms M tried to transfer money from her United States of American (US) account using TransferWise. There were a number of issues and her US bank sent TransferWise a cheque which it ordinarily doesn't accept. TransferWise was sent a cheque for an incorrect amount but instead of sending the mistake amount back it sent all of the money back. Ms M says she lost confidence in TransferWise and so used her bank to transfer the money but that meant she lost about £4,000 in exchange rate differences and would like that loss reimbursed.

TransferWise says a number of the problems were caused by Ms M's US bank but accepts it made a mistake by sending the full amount of money back. It's offered compensation for that and accepts Ms M spent some trying to sort matters out but says it was her choice to use her bank to transfer the money and it would have honoured the exchange rate it agreed.

Ms M brought her complaint to us and our investigator thought TransferWise had dealt fairly with it by offering a fair and reasonable compensation amount of £250. The investigator thought it was Ms M's choice to use her bank and so couldn't hold TransferWise responsible for any exchange rate loss.

Ms M doesn't accept that view and in summary says she had a contract with TransferWise that it breached. She says her US bank would only send a cheque and so she had no choice but to use her bank which accepted a cheque. She also disputes being told TransferWise would honour the agreement.

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 have come to the overall view that I accept both TransferWise and the US bank have made mistakes here, but I am satisfied that TransferWise has made a fair and reasonable compensation offer. I find it would not be fair to order TransferWise to pay Ms M for the exchange rate loss for the reasons I will explain. I appreciate that Ms M will be disappointed by my decision.

There is no dispute here that the US bank made a series of mistakes which included sending TransferWise a cheque for an incorrect amount. I am not looking at its actions here, but I think it's important background information. I can see that TransferWise fairly agreed to accept the cheque but returned the full amount rather than the overpayment.

I accept in those circumstances Ms M was caused inconvenience and distress and would have spent some time trying to find out what had happened and what her options were. But I'm satisfied the compensation offer of £250 is fair and reasonable and fairly reflects that part

of the complaint. I can see that the initial offer from TransferWise was in US Dollars, but I think that £250 is what I consider fair and reasonable and it may have been that is what it intended.

The main part of Ms M's complaint is the exchange rate loss she then suffered. I appreciate why Ms M would have been concerned about using TransferWise again and I agree with her that TransferWise had agreed to accept a cheque and had agreed an exchange rate amount. But I think Ms M's agreement was with TransferWise and that she could reasonably have asked it to make the transfer again, which it says it would have done at the same rate. I think Ms M chose to use her bank, which of course was her choice, and so it would not be fair or reasonable to order TransferWise to repay Ms M the difference in the two amounts. I also think Ms M would have known in advance of using her bank what the final payment she would receive was. And as it was less than the amount she would have received with TransferWise, could reasonably have asked TransferWise at that stage to honour the agreement in those circumstances.

I have listened to the telephone calls between the parties and I think during one call Ms M was given the option of re-trying the transfer, but I accept there was no discussion at that stage of the rates involved. But I would have expected Ms M, in an attempt to mitigate her loss, to have at least asked TransferWise to honour the original agreement. And if it had said it would not, then I would have reasonably concluded she would have had no choice but to consider other options to transfer the money.

Overall, I'm satisfied that whilst TransferWise made a mistake it was Ms M's choice to use her bank to transfer her money. And I have not seen any evidence that TransferWise would not have honoured the original agreement or accepted what would have been a second cheque from the US bank.

I will leave it to Ms M to decide if she wishes to accept TransferWise's compensation offer.

My final decision

My final decision is that I don't uphold the main part of this complaint and find TransferWise Ltd has made a fair and reasonable compensation offer of £250. Ms M's acceptance of that offer would be in full and final settlement of this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms M to accept or reject my decision before 6 January 2021.

David Singh
Ombudsman