

## The complaint

Ms H and Mr M complain that Barclays Bank UK PLC misled them about the costs of an international money transfer resulting in them receiving less than expected.

## What happened

Ms H and Mr M visited a Barclays Bank in February 2021 to discuss making an international transfer to the UK. They say they were told about the fluctuating exchange rates and asked about any additional costs or margins. They say they were told there were no additional costs. Based on this they made the transfer of €135,0000 on 22 February 2021. They received £115,099 which was lower than expected and they found the exchange rate used was different to the average exchange rate for the day due to Barclays applying a margin.

Ms H and Mr M raised a complaint and on the second response say that Barclays admitted to including a margin in the exchange rate. They say they were provided with misinformation both in the discussion about the international transfer and in the initial response to their complaint. They want to be compensated either for the difference in the exchange rate used and the average for the day or for Barclays' margin on the transaction to be refunded.

Barclays said that the information provided in the meeting with Ms H and Mr M was based on the information available on its website. It said the costs of transfers were set out in its terms and conditions and that the rate at which the conversion took place was calculated by applying a margin to the Barclays Reference Exchange Rate at the time the transaction was processed. It didn't accept that it had done anything wrong.

Our investigator said that the terms and conditions were available on Barclays' website and these made it clear that a margin could be applied for an international transfer. However, he noted the discussion that happened in branch and the notes that had been provided by Ms H which included the comments '*no transaction fee*'. He said while there was no specific transaction fee a margin was included in the exchange rate and this wasn't made clear. He didn't think Barclays was required to reimburse the margin or pay the difference between the market rate and rate used as the correct information was available to Ms H and Mr M in the terms and conditions and the approach taken was standard practice and so had the transaction taken place elsewhere it was likely a margin would likely have been applied. However, he did think that Barclays could have provided clearer information. Because of this and the disappointment caused, he thought Barclays should pay £250 compensation.

Barclays agreed with our investigator's view and paid the compensation of £250 on 7 December 2021.

Ms H didn't agree with our investigator's view. She said that there was a lack of transparency regarding the margin (or fees) applied by Barclays which meant they were misled into making the transaction through Barclays rather than a competitor. She said the terms and conditions said that a margin *may* be applied which was ambiguous and that in branch it was confirmed to them that no margin would be applied.

## **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.

I can understand why Ms H and Mr M are upset that they received a lower amount than they expected when they carried out an international money transfer. They visited a branch to discuss the transfer and based on the discussion believed there to be no fees. The notes they wrote at the time of the discussion record '*no transfer fees*'. I have looked at the transaction and there were no fees applied and so this information was technically correct.

The outstanding issue relates to the margin included in the exchange rate used. Barclays has explained that the rate used for the transfer is calculated by applying a margin to the Barclays Reference Exchange Rate. The bank's terms and conditions say that:

*We'll convert the payment into the currency of your account using an exchange rate, made up of a reference exchange rate (which changes to reflect currency market movements), to which we may add a margin. You can ask us for an indication of the rate at any time, but as the exchange rate changes to reflect currency market movements, we won't be able to tell you the actual rate until we receive the payment."*

I note Ms H's comments about this being ambiguous due to the terms saying a margin '*may*' be applied but I think the terms provide enough information about how the exchange rate is calculated and that an indicative rate can be obtained. I have looked at the information provided by Barclays for Ms H and Mr M's transaction and can see that the client exchange rate was applied (which consists of the reference rate and margin). Therefore, I find that Barclays applied the relevant exchange rate at the time of the transaction, and I cannot say that Ms H and Mr M were treated unfairly.

That said, I understand why Ms H and Mr M say they weren't given complete information at the meeting they had to discuss the transaction. The Barclays adviser has said that the terms and conditions weren't provided and while I appreciate this may not always be needed, I think that as Ms H and Mr M were asking about the costs involved further clarity could have been provided about the margin that would be applied. I note Ms H saying that they were told there would be no margin, but I also see the reference in the notes just refers to there being no transfer fees.

In conclusion, I do not find that Barclays did anything wrong by applying the rate it did when exchanging Ms H and Mr M's money. It used its client rate and as set out in its terms and conditions this included a margin. I do not find this unusual or unreasonable. I do however think it could have provided clearer information to Ms H and Mr M when they asked about the costs of the transfer. It was confirmed that there were no transfer fees which was correct, but it doesn't appear that clear information was given about how the exchange rate was set, and that it included a margin. Because of this, while I do not think that Barclays is required to refund its margin or pay a difference between the rate it used and a market rate, I agree with our investigator that it should compensate Ms H and Mr M for the upset and disappointment caused by this issue. In this case I think the £250 recommended and since paid by Barclays is reasonable.

## **Putting things right**

Barclays Bank should pay compensation of £250 for the upset caused. I understand this happened in December 2021 and so no further action is required.

**My final decision**

My final decision is that I uphold this complaint. I understand Barclays Bank UK PLC has paid the recommended compensation and so no further action is required.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms H and Mr M to accept or reject my decision before 6 May 2022.

Jane Archer  
**Ombudsman**