

The complaint

Mr M complains about how The Royal Bank of Scotland Plc handled a foreign cheque payment.

What happened

Mr M received a foreign cheque in 2019. He wanted to pay this into his account but wanted to know how much he would receive in pounds first. He says RBS told him someone would phone him before the cheque was processed.

But Mr M didn't receive a phone call and the cheque was paid into his account in December 2019.

In 2021, Mr M complained to RBS as he says he could've got a better exchange rate elsewhere.

RBS upheld Mr M's complaint and said they were sorry if the process wasn't explained properly.

Mr M wasn't happy with this so he referred his complaint to our service. After the complaint was referred to us, RBS said they wanted to offer Mr M £100 as a further apology for the poor service he'd received. Our Investigator considered Mr M's complaint and said she thought RBS had processed Mr M's cheque correctly in line with the "payment by collection" process but had given Mr M the impression he'd receive a call before the payment was finalised – and this wasn't the case. So, the Investigator thought the £100 RBS had offered was fair.

Mr M didn't accept the Investigator's findings. He said he would not have allowed RBS to take the cheque if he'd been aware they wouldn't be able to tell him exactly how much he'd receive. He says he would've received almost £1,000 more at another bank.

As Mr M didn't agree, the complaint's been passed to me to decide.

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.

In November 2019, Mr M's foreign cheque was processed by RBS using "payment by collection". "Payment by collection" means the cheque is not paid until the money has been received from the bank the cheque is drawn on. This process can take several weeks and foreign currency exchange rates fluctuate. Because of this, it's not possible to say for certain when the payment will be made or what the exchange rate will be on that day. So it's usual for banks to provide indicative rates. Mr M had been given an indicative rate by RBS in October 2019.

There appears to be no dispute that Mr M agreed for the cheque to be processed in this way. Although he says he only did so on the basis that someone would contact him before the payment was finalised, so he would know how much he was going to be paid.

RBS have provided details of their “payment by collection” process and I’m satisfied RBS followed this when processing Mr M’s cheque. But it seems both parties accept the process wasn’t explained to Mr M properly and he was left with the impression that someone would call him and this didn’t happen. It isn’t part of the process for a phone call to be made to the account holder before the cheque is processed. I’m aware Mr M thinks it should be, but I’m satisfied it’s not. It’s not my role to require RBS to change their processes, so I must consider what RBS should do in recognition of the incorrect information they gave Mr M.

Mr M says if RBS had given him the correct information, he would’ve paid the cheque in at a different bank and got a better exchange rate. He’s provided a note from a different bank setting out the indicative rate if they processed Mr M’s cheque by collection. But this note isn’t dated and it doesn’t specify the currency it’s quoting. So I don’t know when Mr M received this quote or the currency it relates to. In any event, this rate would also likely have been indicative only and therefore not guaranteed. As I’ve explained above, because of fluctuations in exchange rates it’s not usually possible for banks to provide the exact exchange rate.

I accept Mr M may have decided to pay the cheque in at another bank if he’d been made aware a call would not be made to him to check he was happy with the amount or rate. But there’s no way of knowing what rate he would’ve received elsewhere, as this would still have been dependent on the day the cheque was paid in. So I don’t think RBS need to pay Mr M the difference between the amount quoted by the other bank and the amount they paid into his account.

RBS has offered £100 in recognition of the poor explanation of the process Mr M received in branch and they’d apologised for this in their final response letter. I know Mr M believes he’s out of pocket by about £1,000 but I’ve already explained why I don’t think RBS needs to pay him that amount. I think the apology and £100 fairly reflects the distress and inconvenience caused to Mr M by being told he would receive a call and then not receiving one.

My final decision

For the reasons I’ve explained, I find what RBS has offered to do to put things right fair and reasonable in all the circumstances of Mr M’s case.

To put things right, I require The Royal Bank of Scotland Plc to pay Mr M £100.

Under the rules of the Financial Ombudsman Service, I’m required to ask Mr M to accept or reject my decision before 27 April 2022.

Eleanor Rippengale
Ombudsman