

## **The complaint**

Mr P complains that Lloyds Bank PLC (“Lloyds”) unnecessarily converted funds into a foreign currency, causing him loss.

## **What happened**

In 2021, Mr P bought an item through a private sale and paid the seller by bank transfer. The seller was based outside the UK, but the seller’s bank was in the UK. Mr P used the Lloyds banking app to transfer the payment to the seller’s account. But the amount the seller received was £324.39 less than the amount Mr P transferred.

Lloyds said this was because Mr P had requested the payment to be made in Euros. The funds didn’t need to be converted from Sterling because the seller’s account was a UK account. But the funds were converted twice, once from Sterling to Euros and then back to Sterling. Lloyds said that was why the amount the seller received differed from the amount Mr P sent.

Mr P complained and asked Lloyds to refund the £324.39. But Lloyds said it hadn’t charged Mr P this amount and hadn’t made a mistake. It said that Mr P used the banking app to make the payment and had confirmed all the details, including the currency. It said it had also sent him two text messages which stated that the payments were in a foreign currency.

Mr P wasn’t happy with Lloyds’ response and brought the complaint to this service. He said that, as the payment was from one UK bank to another UK bank, the currency conversion wasn’t necessary. He said that if he’d gone into a branch to make the transfer, the staff would have realised this and the currency conversion wouldn’t have happened. So, he says he’s worse off because he made the transfer online.

I issued a provisional decision on 12 September 2022 indicating my intention to uphold this complaint. Lloyds accepted my provisional recommendations and Mr P said he didn’t have anything more to add.

## **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 haven’t seen anything which changes my mind about the appropriate outcome here. So I’m going to uphold this complaint in the way I indicated in my provisional decision. My reasons are set out below.

It’s not disputed that the currency conversions were unnecessary here. Nor is it disputed that Mr P instructed Lloyds to make the transfer using the app and that he input the payment details himself. Lloyds says he confirmed the currency and type of payment. Mr P accepts that he used the international payment section of the app. I understand that this was inadvertent on his part and he accepts that he shouldn’t have used the international service. But he says he didn’t see any reference to Euros or an exchange rate when he input the

payment details.

I've seen the landing page of the international payments section of the app. Mr P would have had to enter the amount in Sterling which he wanted to send. There is a drop-down menu below this to select the currency to be used. Mr P says he didn't select Euros. From the information I've seen it looks as though Euros may have been the default currency. If Mr P didn't notice at this point that the payment was going to be converted into Euros, I don't think that's Lloyds' fault. But I do think the unnecessary currency conversion could have been avoided later on in the process.

Mr P had to enter the recipient's details. This included the recipient's address, which was outside the UK. But he also input the recipient's bank account details. These were UK bank details: the bank address was in the UK with a UK identifier code and the account number was a UK account number. Mr P says that, if he'd gone into a Lloyds branch to make the transfer, the staff would have seen that the transfer was from one UK bank to another and the currency conversion would have been avoided. I think that's likely.

From the information I've seen about the app payment transfer process, I find it likely that Mr P was shown that the funds were going to be transferred as Euros. I can't fairly conclude that it's Lloyds' fault that Mr P didn't notice this. But I think it's reasonable to expect Lloyds' system to have recognised that the funds were being sent to another UK bank and raise a query.

I note that the final part of Lloyds' process is to call the customer and obtain authorisation for the payment. Lloyds did call Mr P and the notes of this call say the agent explained that the payment didn't need to be sent as an international payment. So it looks as though the problem could have been avoided at this point. But the notes record that Mr P seemed to hang up because he couldn't hear. The agent called back but Mr P still couldn't hear. So I don't think this call can be said to constitute approval of the payment by Mr P. The app says *"Don't want to make the payment? Just hang up"*. This is in effect what Mr P did, but the payment still went out, triggering the two currency conversions. I don't think Lloyds should have sent the payment, as its process required approval from the customer and it didn't have that here.

After the call, Lloyds sent two text messages to Mr P referring to the foreign currency payment and asking him to call. The first of these messages was sent shortly after the call I've referred to above. The other message was sent two days later. The funds had already debited Mr P's account by the time the messages were sent. So it's not clear that they would have prevented the currency conversions, even if Mr P had responded to them promptly. And Lloyds seems to have gone ahead and processed the payments even though it didn't receive a response from Mr P. I don't think that was reasonable in the circumstances.

In conclusion, I think that the requirement for a phone call to obtain approval could have avoided the unnecessary currency conversions here, in the same way as would likely have happened if Mr P had gone into a branch. But I think Lloyds made a mistake at this stage of the process. I don't think the payment can be said to have been authorised where Mr P ended the call because he couldn't hear. The agent knew he couldn't hear. And Lloyds didn't receive a response to its text messages. If Mr P had been able to hear the call, or if the payment had been held back until a successful call could take place, it seems likely the confusion over the currency and nature of the payment would have been avoided. I think this was a mistake on Lloyds' part which resulted in Mr P being out of pocket by £324.39. I think Lloyds should reimburse this.

**My final decision**

For the reasons above, I uphold this complaint. Lloyds Bank PLC should pay £324.39 to Mr P.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 1 November 2022.

Katy Kidd  
**Ombudsman**