

The complaint

'A', a limited company, complains that The Royal Bank of Scotland Plc wouldn't allow it access to its money other than with an exchange rate loss.

What happened

A has Euro and Sterling denominated accounts with RBS. It wanted EUR 12,800. It was told that the company providing RBS with exchange services had gone into administration. And so, it would need to transfer from its Euro account and pay this into its sterling account and then order the Euros. It made the first conversion and was told first that it couldn't have Euros. But then that when they were ordered it would cost a further £760.53. It complained.

RBS said it would credit A with the exchange difference if it collected the currency. And in recognition of the director's time on the phone and the error would pay compensation of £250.

Our investigator didn't recommend that RBS do more than this although as I will point out below didn't refer to the conditionality of the offer from RBS. She said that the amount of compensation was in line with our published guidelines.

A didn't agree and wanted its complaint to be reviewed. It said that it wanted some £5,000 and would consider taking legal action. There had been 15 hours of calls and stress about this. It had lost money and RBS couldn't provide the service.

My provisional decision

I issued a provisional decision on 24 November 2022. I set out below what I said.

I understood from the information provided by RBS that it was unable to allow direct currency withdrawals from A's Euro account after 5 October 2021. The transaction in question took place on 23 June 2022. I also understood that the general issue has now been resolved.

RBS explains that the workaround was for A to transfer money between the accounts, then order currency in branch and withdraw this. Frankly in itself this was inconvenient for A to do.

What didn't seem to have been anticipated was the spread/ margin between buying and selling rates and the potential for the exchange rate to move during the process.

Here I could see that A converted EUR 12,800 to £10,789.74 on 23 June 2022. It was then told by staff that they weren't able to order currency. This wasn't the correct position for a business banking customer. And then A was told that to buy EUR 12,800 would cost £11,550.27 and so a loss of £760.53. For obvious reasons A wasn't prepared to do so and complained.

A final response letter dated 8 July 2022 was issued stating that if A collected the Euros now in branch then the difference would be paid. And in recognition of the time spent on this compensation of £250 was paid to A's account on that day.

As I referred to above I wasn't clear A realises the implications now of the offer. And that as I understand it would need to pay £11,550.27 for the Euros and then would be given EUR 12,800.

Having listened to what its director has told this service during a call, A had to make payments in Euros. And I could see that it made a number of debit entries to its sterling account after the money was credited and that by the time the final response was issued that money was no longer in the account.

my assessment

I considered A has been inconvenienced by not being able to access funds directly from its Euro account. The proposed solution for A firstly as I said didn't anticipate the margin/spread on the money and any exchange movements. And also, wasn't understood by relevant staff and required the director of A to spend many hours on the phone and it seems visit a branch. A had to make its own arrangements to make payments as I've referred to above. So, I didn't think it's now reasonable to *require* it to collect the currency, especially as it would have been exposed to an exchange rate risk since the conversion was done. In any event if it did want the currency then it ought to have been able to go into a branch and pay the net amount. The offer here seems conditional on it paying a higher amount first and then getting a credit. To make this transaction work it should in the first place have received £11,550.27 into its account so it could buy Euros at no margin.

So, I considered that A's loss on this money has already been crystallised in what it received and took from its account. With that in mind I said I was going to require RBS to pay it this money. It then has the option of buying Euros if it still needs them. But I made clear to A that this would then be at the rate available on the day and so that the cost may be more or less than £11,550.27. I highlighted that I've made this assessment on the understanding that A *hasn't* collected the currency already. *If it has then the award as set out below still stands.* If it hasn't then what I've said in my reasoning above holds: it's had more than sufficient opportunity to collect it.

We don't make punitive awards and I've taken into account our published guidelines. A is a separate legal entity to the director and so we can't consider his distress and a company can't suffer distress. So, I said I was looking at inconvenience and any disruption to A. I also needed to say that we don't generally tend to make awards for units of time and nor at professional rates. I considered that A should be paid total compensation of £400. This reflects as I referred to above both the inconvenience of it having to access money in this way in the first place and then the errors made when this was attempted. I said if A doesn't accept my decision when it becomes final it remains free to pursue this matter in court subject to any relevant time limits.

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.

RBS said it would agree to pay the further compensation of £150. It explained that in fact A collected the currency and was reimbursed £760.53 on 25 July 2022. It provided an extract from A's statement to show this.

A said that it had no other means to bring RBS to task without incurring legal costs and further time. And so, it said it would accept the further compensation in settlement of the complaint.

I'm grateful for the further explanation from RBS of what's happened following our investigator's assessment of this complaint. The payment of £760.53 has already been made. I see no reason to depart from the other conclusions of my provisional decision. And so, my award for A is a further £150 in compensation making a total of £400.

My final decision

My decision is that I uphold this complaint and I require The Royal Bank of Scotland Plc to:

- 1) Pay A further compensation of £150 which it has now agreed to do.

Under the rules of the Financial Ombudsman Service, I'm required to ask A to accept or reject my decision before 20 January 2023.

Michael Crewe
Ombudsman