

The complaint

Mr S is unhappy that Metro Bank PLC won't honour a currency exchange rate that they promised to him by mistake.

Mr S's complaint is brought to this service by his appointed representative. However, for ease of reference, I'll refer solely to Mr S throughout this letter.

What happened

To briefly summarise: Mr S phoned Metro and discussed an international currency transfer from his UK Metro account to an account held in his name overseas. Mr S was quoted an exchange rate and was told that his overseas account would receive approximately 410,500 Euros. Metro confirmed the details of this currency exchange with Mr S on several occasions, including in written form.

However, when the currency exchange was completed, Mr S discovered that he'd only received approximately 281,350 Euros – significantly less than he'd been promised by Metro. Mr S wasn't happy about this, so he raised a complaint.

Metro responded to Mr S and explained that an error had occurred in the calculation of the exchange rate that had been promised to Mr S, with the appropriate exchange rate being multiplied when it should have been divided, resulting in Mr S being promised an incorrect more favourable rate. Metro apologised to Mr S for the mistake and paid £100 to him but noted that Mr S had received the correct exchange rate.

Mr S reiterated his complaint to Metro, who after further consideration reimbursed the customer spread of £7,882 to Mr S and offered to pay a further compensation payment of £250 to him for any upset or inconvenience that he may have incurred. Mr S wasn't satisfied with Metro's further response, so he referred his complaint to this service.

One of our investigators looked at this complaint. But they felt Metro's actions and proposal in response to Mr S's complaint already represented a fair outcome. Mr S remained dissatisfied, so the matter was escalated to an ombudsman for a final decision.

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'd like to begin by confirming that this service isn't a regulatory body or a Court of Law and doesn't operate as such. Instead, this service is an informal, impartial dispute resolution service. And while we do take relevant law and regulation into account when arriving at our decisions, our remit is focussed on determining whether we feel a fair or unfair outcome has occurred – from an impartial perspective, after taking all the factors and circumstances of a complaint into consideration.

I also note that Mr S has provided several detailed submissions to this service regarding his complaint. I'd like to thank Mr S for these submissions, and I hope he doesn't consider it a discourtesy that I won't be responding in similar detail here. Instead, I've focussed on what I consider to be the key aspects of this complaint, in line with this service's role as an informal dispute resolution service.

This means that if Mr S notes that I haven't addressed a specific point he's raised, it shouldn't be taken from this that I haven't considered that point – I can confirm that I've read and considered all the submissions provided by both Mr S and Metro. Rather, it should be taken that I have considered that point but that I don't feel it necessary to address it directly in this letter to arrive at what I consider to be a fair resolution to this complaint.

The key point of contention here is whether Metro should fairly and reasonably be instructed to honour an incorrect exchange rate, promised to Mr S as the result of a system calculation error. I feel that the answer to this question is clearly 'no'.

There are several reasons for this. The first is that Mr S hasn't lost out financially here. This is because he received the correct rate when the transfer was exacted. What has happened is that Mr S hasn't received a considerably more favourable exchange rate that he wasn't entitled to receive based on the currency market at that time.

To illustrate this point, consider a scenario where the calculation error is reversed, and Mr S receives less money than he should have done – 150,000 Euros, rather than the correct 281,350 Euros. In this scenario, by any reasonable standard, Mr S would be reimbursed so that he received the correct amount – 281,350 Euros – regardless of any documents he'd signed that included a less favourable, incorrect exchange rate. And I feel that the same standard of fairness applies here, with Mr S having been quoted a more favourable, incorrect exchange rate. Ultimately, I feel that Mr S has received a fair currency exchange.

Additionally, as an overseas account holder in a Euro currency territory, I feel it's likely that Mr S would have been aware that he was being quoted an exchange rate by Metro that was so highly in his favour that it was likely to have been likely quoted in error. Indeed, the difference between the amount Mr S was incorrectly quoted and the amount he correctly received was approximately 46%. And with such an obvious discrepancy, I would reasonably have expected Mr S to actively question the accuracy of the rate with Metro, which would potentially have uncovered the error and mitigated against the trouble and inconvenience that Mr S has subsequently incurred.

But Metro did make a mistake here. And in response to that mistake, they've offered to pay a further compensation payment of £250 to Mr S and have reimbursed the customer spread of £7,882 from the correctly executed exchange to him. This means Mr S has received the exchange of his money without any currency spread loss, and thus has received a notably more beneficial exchange than would have been the case had the exchange been completed without error. Metro's actions and offer of further compensation here seem fair to me, and I won't be instructing them to do anything more.

Ultimately, I don't feel that Metro should fairly or reasonably be instructed to honour what was a clearly an incorrect currency exchange quote. And I'm satisfied that Metro's offer of a further £250 compensation does fairly compensate Mr S for the incorrect quote he received, and that Metro have ensured that Mr S has benefitted financially from the currency exchange by reimbursing the £7,882 customer spread to him.

All of which means that, while I will be upholding this complaint in Mr S's favour, I'll only be doing so on a limited basis to instruct Metro – should Mr S accept my final decision – to make the £250 payment of further compensation to him that they've already offered to make.

I trust that Mr S will understand, given what I've explained, why I've made the final decision that I have.

Putting things right

Metro must make a further compensation payment of £250 to Mr S.

My final decision

My final decision is that I uphold this complaint against Metro Bank PLC on the basis described above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 2 November 2023.

Paul Cooper
Ombudsman