

The complaint

Mrs H is unhappy that Wise Payments Limited, trading as Wise, didn't apply a guaranteed exchange rate to her currency exchange instruction.

What happened

Mrs H wanted to take advantage of a favourable exchange rate between Canadian Dollars ("CAD") and UK Pounds ("GBP") and so instructed Wise to exchange 300,000 CAD to GBP.

Mrs H had used Wise several times previously and had always received a guaranteed exchange rate, meaning that the exchange rate she'd benefit from wouldn't change in the time it took her to transfer the relevant money to her Wise account to be exchanged.

However, on this occasion, Mrs H discovered that Wise weren't providing a guaranteed exchange rate, and this meant that when she did transfer the relevant money into her Wise account, the exchange rate she was offered was less favourable than the rate that she believed would be guaranteed when she instructed the exchange. Mrs H wasn't happy about this, especially as she'd been told by Wise when she instructed the exchange that the rate would be guaranteed. So, she raised a complaint.

Wise responded to Mrs H and explained that because of market volatility they'd suspended the guaranteed exchange rate at the time she'd instructed the transfer, and that this had been stated on their online platform which Mrs H had used to instruct the transfer.

However, Wise did acknowledge that their notice to that effect hadn't been as clear as it should reasonably have been, and so they offered to pay 110 CAD to Mrs H to cover the fees she'd incurred transferring her money to Wise as well as a further £100 credit to her Wise account. Mrs H wasn't satisfied with Wise's response and felt that they should cover the losses she'd incurred on the 300,000 CAD by keeping it her Wise account. So, she referred her complaint to this service.

One of our investigators looked at this complaint. They didn't feel that Wise should be instructed to cover Mrs H's losses as she would like because they felt Mrs H could and reasonably should have taken alternative action to mitigate against those losses.

But our investigator didn't feel the 110 CAD Wise credit offered by Wise was sufficient compensation for the trouble and upset Mrs H had incurred, and so recommended that Wise should pay £200 compensation directly to Mrs H instead. Mrs H 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.

Mrs H set up the transfer from CAD to GBP with Wise on 28 September 2022, and she's explained to this service that she feels that she moved her money to Wise under the false

promise that the transfer rate shown by Wise on 28 September 2022 would be guaranteed by them for five days.

Wise have accepted that the information they provided to Mrs H when she set up the transfer, about whether the exchange rate would be guaranteed or not, wasn't as clear as it should have been. This is because, while Wise did have a notice on their website about the suspension of the exchange rate guarantee at that time, it was still stated to Mrs H when she set up the transfer that the rate shown at that time would be guaranteed. Although, notably, it was also explained at a later part of the transfer process that the rate was not guaranteed.

With Mrs H's dissatisfaction in mind, I've considered whether Wise should fairly be asked to honour the transfer rate that Mrs H believed she would receive when she set up the transfer on 28 September 2022. But, having considered all the factors and circumstances here, I don't think it would be fair to instruct Wise to do so.

There are several reasons for this. These include that before Mrs H set up the transfer on 28 September 2022, she spoke with Wise the day before. I've listened to a recording of this call, and I note that Mrs H and Wise discuss the fact that the CAD/GBP exchange rate was volatile at that time, with Mrs H explaining that the rate has moved against her since the day before the call and that she's hoping the rate will move in her favour soon.

In response, Wise explained to Mrs H that her best option to secure a favourable exchange rate would be to move money into her Wise CAD account, from where she could instruct an exchange to GBP the moment the rate was in her favour. But Mrs H explained that she didn't want to hold money in her Wise CAD account because she would lose out on the interest the money was earning where it presently was.

I feel that it stands to reason that currency exchange firms, such as Wise, might not offer guaranteed exchange rates for non-immediate transfers during times of exchange rate volatility. And I feel this was alluded to and discussed in the conversation referred to above, given that Wise were advising Mrs H to hold money in her Wise CAD account to be able to take advantage of any favourable exchange rates that might develop.

Additionally, while the information about the suspension of the guaranteed exchange rate wasn't as clear as it should have been for Mrs H when she set up the transfer, that information was there – both as a general notice, and within the transfer set-up flow, although admittedly towards the end and after the notice that the rate would be guaranteed. Mrs H has explained that she didn't see either notice that the exchange rate would be guaranteed. But again, that information was there. And I'm not convinced that it is reasonable to consider Wise fully accountable for Mrs H not seeing that information.

Finally, once Mrs H did become aware that the exchange rate wouldn't be guaranteed, Wise offered to transfer Mrs H's money back to the originating account. But Mrs H didn't want to take this option and chose to leave the money in her Wise CAD account. And while I appreciate that Mrs H feels that she's incurred further losses as a result of her money remaining in her Wise CAD account, I feel that these losses have arisen as a result of her decision to keep the money in her Wise CAD account, and so this isn't something I'd consider holding Wise accountable for.

However, while I won't uphold this complaint in the manner that Mrs H would like here, I do feel that Wise could have presented clearer information to Mrs H about the suspension of the guaranteed exchange rate, which would have reduced the risk of Mrs H not seeing that information. And while I don't think that Wise should bear full responsibility for Mrs H not being aware of the suspension of the guaranteed exchange rate, as explained above, I do feel that this provision of unclear and contradictory information about the rate has caused

Mrs H a degree of trouble and upset that she should fairly be compensated for.

To clarify, I'm not instructing compensation to Mrs H for Wise proving incorrect information about the rate to her. And I feel that Mrs H should reasonably have been aware that the rate might not have been guaranteed – based on a general understanding of currency exchange as well as the conversation she had with Wise on 27 September 2022 and the information about the suspension that was on Wise's website. But I do feel that the contradictory information Mrs H saw about the rate being guaranteed has caused her trouble and upset, which led to her calling Wise on 29 September 2022, and for which she should fairly be compensated.

Matters of compensation can be subjective. But upon consideration, I feel that the £200 recommended by our investigator is a fair amount here. This is based on several factors, including that I feel Mrs H should have understood that the rate might not be guaranteed before transferring her money to Wise, as discussed, as well that Wise offered what I feel was a reasonable solution to the issue by offering to transfer Mrs H's money back to the originating account, which would have minimised the financial impact to Mrs H. And I've also considered the general framework this service uses when assessing compensation amounts for upset and inconvenience, details of which are on this service's website.

All of which means that, while I will be upholding this complaint in Mrs H's favour, I'll only be doing so to instruct Wise to make a payment of £200 to her. I realise this might not be the outcome Mrs H was wanting. But I hope she'll understand, given everything I've described above and the impartial nature of this service, why I've made the final decision that I have.

Putting things right

Wise must make a payment of £200 to Mrs H.

My final decision

My final decision is that I uphold this complaint against Wise Payments Limited, trading as Wise, as described above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs H to accept or reject my decision before 25 October 2023.

Paul Cooper
Ombudsman