

The complaint

This complaint's about a mortgage that Mrs and Mr P took out with Skipton Building Society in 2022 to buy a home following their move to the UK from overseas. They're unhappy that Skipton insisted they convert the entire net sales proceeds of their overseas home into Sterling, rather than just the amount they were intending to use towards the house purchase. Mrs and Mr P say this caused them a loss in excess of £30,000 due to movements in currency exchange rates.

What happened

In what follows, I have set out events in rather less detail than they have been presented. No discourtesy's intended by that. It's a reflection of the informal service we provide, and if I don't mention something, it won't be because I've ignored it. It'll be because I didn't think it was material to the outcome of the complaint. This approach is consistent with what our enabling legislation requires of me.

It allows me to focus on the issues on which I consider a fair outcome will turn, and not be side-tracked by matters which, although presented as material, are, in my opinion peripheral or, in some instances, have little or no impact on the broader outcome.

The broad circumstances of this complaint are known to Mrs and Mr P and Skipton. I'm also aware that the investigator issued a detailed response to the complaint, which has been shared with all parties, and so I don't need to repeat all of the details here.

Our decisions are published, and it's important that I don't include any information that might result in Mrs and Mr P being identified. In this case, there is a lot of detail that is individual and unique to the case, and could potentially risk acting as an identifier. Instead I'll give a brief summary of the main points, rounding the figures, and then focus on giving the reasons for my decision. If I don't mention something, it won't be because I've ignored it. It'll be because I didn't think it was material to the outcome of the complaint.

Mrs and Mr P arranged their mortgage with Skipton through a third party intermediary. They were buying their new home in the UK with funds from a combination of sources, including but not confined to the mortgage from Skipton and funds from the sale of their overseas home. The sale proceeds amounted to around £465,000, of which £285,000 was to be used in the purchase. However, Skipton insisted that the entire sales proceeds be converted to Sterling.

Mrs and Mr P did this, but reluctantly; they say they'd been intending only to convert what they needed for the transaction to Sterling and continue monitoring exchange rate movements to decide the best time to convert the residual sales proceeds. They complained to Skipton, saying movements in exchange rates after they'd converted to meet its requirements were such that they lost more than £30,000 by not being allowed to choose when to convert the residual sales proceeds.

Skipton rejected the complaint, and Mrs and Mr P referred it to us. The investigator who looked into it wasn't persuaded by Skipton's evidence that it had demonstrated that its

lending policy required the entire sales proceeds to be converted to Sterling. At the same time, however, he also wasn't persuaded by Mrs and Mr P's evidence of what they might have done differently, and when they might have done it, to convert the residual sales proceeds to Sterling.

Without being able to assess the likelihood of a better financial outcome, he didn't recommend Skipton pay redress for having denied Mrs and Mr P the opportunity to convert the residual sales proceeds at a different time. Instead, he recommended Skipton pay Mrs and Mr P £500 compensation for putting them in the difficult position of having to convert all of their sales proceeds rather than risk losing the home they wished to buy.

Skipton agreed to settle the complaint on the investigator's recommended terms, but Mrs and Mr P asked for it to be reviewed by an ombudsman.

What I've decided – and why

I'll start with some general observations. We're not the regulator of financial businesses, and we don't "police" their internal processes or how they operate generally. That's the job of the Financial Conduct Authority (FCA). We deal with individual disputes between businesses and their customers. In doing that, we don't replicate the work of the courts.

We're impartial, and we don't take either side's instructions on how we investigate a complaint. We conduct our investigations and reach our conclusions without interference from anyone else. But in doing so, we have to work within the rules of the ombudsman service, and the remit those rules give us.

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Having no regulatory function means that it's not open to me to determine what Skipton's policy requirements should be in cases like Mrs and Mr P, where a house purchase is being asked to lend on is being partly funded by money coming from outside the UK. The reason our investigator wasn't satisfied Skipton had treated Mrs and Mr P fairly wasn't because he considered its policy to be unfair; rather it was because he wasn't satisfied Skipton had demonstrated what its policy actually is.

The recommendation that Skipton pay £500 compensation flowed from the investigator not being convinced it had treated Mrs and Mr P fairly, not because he was convinced it had treated them *unfairly*. That might seem like a fine distinction but it is an important one. It put Mrs and Mr P in the position of having to choose between two unwelcome options; either convert the entire sales proceeds and lose the opportunity to speculate, or start the mortgage application again with a different lender and risk losing the property they were trying to buy.

A choice between two unwelcome options is still a choice, and Mrs and Mr P opted for the option that took away their opportunity to speculate on exchange rates. But the very fact that they were denied the chance to speculate is the reason why no further redress is due.

A business is only liable for a loss that is reasonably foreseeable. The time period during which this all happened was one of extreme volatility in the UK, both politically and economically, and it is just as likely that exchange rates might have moved in completely the opposite direction from what they did after Mrs and Mr P made the disputed conversion.

For all the attention Mrs and Mr P were paying to the markets – and I fully accept they were monitoring them daily both before and after the events complained about – rather than being

reasonably foreseeable, this is a claim based entirely on hindsight. To put that in context, if exchange rates had moved in a different direction that left Mrs and Mr P in an advantageous position as a result of the conversion they did at Skipton's insistence, this complaint would not have arisen.

I said at the outset that I wouldn't be commenting on every single point, and I haven't. I have, as I said I would, confined myself to those matters that I consider have a material effect on the outcome.

I can see from their submissions how important this is to Mrs and Mr P. But my remit requires me to be objective, impartial, and to decide what is fair, reasonable and pragmatic in all the overall circumstances of the case. It also means that I'm not required to provide answers to every specific question that comes up if I don't consider doing so will affect the overall outcome.

There's a possibility that this case may go to court, if Mrs and Mr P reject my final decision. And if that happens, then subject to any time limits or other restrictions a court might impose, Mrs and Mr P's recourse to a legal remedy of their own against Skipton over the subject matter of this complaint won't have been prejudiced by our consideration of it. But of course they will need to weigh up the likelihood of a successful outcome and the potential costs they'll face if not successful.

My final decision

My final decision is that I uphold this complaint in part, by ordering Skipton Building Society to pay Mrs and Mr P £500 compensation for their time, trouble and upset.

My final decision concludes this service's consideration of this complaint, which means I'll not be engaging in any further consideration or discussion of the merits of it.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs and Mr P to accept or reject my decision before 11 March 2024.

Jeff Parrington
Ombudsman