

The complaint

Mr F complains about the way that The Royal Bank of Scotland Plc (RBS) dealt with his request for a withdrawal from his currency account.

What happened

In or around 14 October 2022 Mr F contacted RBS concerning his USD currency account. He wanted the equivalent of £50,000 transferred to his account with another bank. However RBS had difficulty finding the account and after a number of telephone calls he was recommended to visit his local branch to identify himself and request the withdrawal, but he was still unsuccessful in getting the account traced. After this he was temporarily living abroad.

Having received a leaflet from RBS about how to access foreign currency funds, Mr F tried to contact RBS by fax as this seemed to be the only way to carry out the transaction. But he wasn't given the full fax number, and the fax couldn't be delivered. On 12 November 2022 he raised a formal complaint with RBS by letter and again asked for the withdrawal to be carried out. He received an email from RBS on 12 December advising that the fax number was still in operation. He sent another fax, which RBS admitted receiving, but the withdrawal wasn't carried out and was cancelled without advising Mr F.

Eventually RBS sent a final response letter to Mr F on 9 January 2023. It explained that its advisers might not have known about how currency accounts were operated and accepted there was a need for training in that respect. It had traced his currency account and said the reason the withdrawal hadn't been carried out was because under its terms and conditions it should have been linked to a sterling current account. But as that account had been closed, the currency account had an "orphan" status and would need to be closed to make a withdrawal from it. It paid him £250 compensation.

Mr F denied ever having had a current account with RBS, and explained he had carried out a withdrawal from the account in 2009 and didn't need a current account then. RBS said that was an exception and that he wouldn't have been able to open the currency account without having a current account. It offered a further £500 compensation.

Mr F declined the offer, pointing out that when he asked for the withdrawal in October 2022 the exchange rate was favourable. If a withdrawal was carried out at the later rates he would have made a loss of (the sterling equivalent of) over £3,000.

RBS maintained its offer. This took into account the overall poor service, time spent, travel costs to branch and any costs he might need to pay to get his identification (id) notarised (in connection with the closure of his account). It said it couldn't compensate for a payment that never happened due to failure to confirm interest rates at the time, as the payment was never made. Later in its correspondence with our Investigator, it said that it only received the formal request for withdrawal on 15 December 2022.

Our Investigator said that RBS had paid, and offered, fair and reasonable compensation for its service failures. In respect of any loss Mr F might have made, he noted the difference in

exchange rates as of 15 December 2022 and 9 January 2023 (when Mr F was told he would need to close his currency account). There would have been a difference of about £90 which he considered was provided for in the compensation offered.

Mr F didn't agree, particularly concerning the date RBS would have received his request to withdraw, maintaining that he had made a much larger loss.

I issued a provisional decision. In it I said that, as well as paying the compensation offered, RBS should compensate Mr F for the difference in the exchange rate at the time it should have carried out the transfer (allowing 14 days for this to be carried out) and at the date it carries it out or closes the account.

RBS in principle agreed to my findings. However it said that it wished to stress that the delay in resolution between 9 January 2023 (its Final Response) to date was not felt to be directly contributable to its actions. So that date should be used as the second date for calculating the difference. It provided its calculation based on its rates for buying and selling the relevant currencies.

I said that this was reasonable, but that RBS should allow 14 days to carry out the transfer or closure of the account so the second date should be 23 January 2023.

RBS accepted this. It provided its calculations for that date.

Mr F said:

i) It is extraordinary that RBS can locate a "note" indicating that a supposed current account was closed in 2000 but are unable to provide its account number or the terms and conditions associated with it.

ii) If it was necessary, as RBS have insisted throughout, to close the currency account in order to make a transaction, it could be argued that the exchange rate available in October 2022 should be applied to the entire balance.

He also said that he would be obliged if a contact were provided to supervise both the payment of the sums proposed to his current account and the transfer of dollars to a dollar account of his choosing.

With regards to RBS' proposal he noted that its calculations were based on its selling rate for calculating the amount in dollars and its buying rate for calculating the equivalent in pounds sterling. Of prime importance, however, is the transfer of the current balance as USD to a USD account with another institution without incurring charges or commission.

Save as set out above, I remain persuaded by my provisional findings those findings are now final and form part of this 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.

My provisional findings are set out below, in italics:

“There is some dispute in this case surrounding the existence or otherwise of a current account Mr F was said to have held with RBS. Where the evidence is unclear or in dispute, I reach my findings on the balance of probabilities that is, what I consider most likely to have

happened based on the evidence available and the surrounding circumstances.

Mr F believes his currency account was opened in or around 1989/1990. He has maintained the account since then, and has made deposits, earned interest, and received regular statements. He insists that he has never had a current account with RBS. And, because of the difficulty in tracing archive records RBS has been unable to show definitively that there was a current account or when it was closed, as it maintained. But there is a brief note indicating that a current account for Mr F was closed in or around late 2000, so I think it likely that there was a current account which was closed around about then. But there's no evidence that Mr F asked for it to be closed.

Mr F was able to make a withdrawal in May 2009. This withdrawal was done by telephone and although RBS had difficulties at the time with making the payment, it was made. Mr F received a letter from RBS in May 2009 explaining that its foreign exchange department had difficulty in contacting him and would usually contact his branch manager but "as you only maintain a US\$ account with us, there is no branch linked to your account." RBS has told us that it is a condition of having the currency account that it be linked to a current account with RBS. I have assumed that that condition has always applied. So it was aware in 2009 that the account had no current account linked to it, but it wasn't explained to

Mr F at the time that he couldn't make further withdrawals from the account without this. I take the point that personal currency accounts were withdrawn for new customers from 2017 but up until 2023 I am persuaded that Mr F was unaware that the account couldn't be operated without an associated current account.

In October 2022, the date is unclear but it was I think about 14 October, Mr F contacted RBS because he wanted to withdraw the sterling equivalent of £50,000. In light of his previous experience I think it was reasonable of him to expect that the transaction would go through. However RBS has not been able to produce evidence of the phone calls made to it, though accepts that its advisers at the time were unaware of how currency accounts worked or could be traced. Mr F was told to produce id at his local branch. He had some difficulty doing this as there was only an unreliable weekly mobile service near him. When he managed to attend a branch, although he produced documents to verify his id (which RBS failed to retain) he couldn't carry out the withdrawal. He tried to send a fax to RBS (which was still a valid way of making a withdrawal), but he wasn't given the full fax number. He set out his complaint in a letter of 12 November 2022, reiterating how much he wanted to be withdrawn.

RBS says it didn't receive a formal notice of withdrawal until 15 December 2022. It didn't act on this and it wasn't explained to Mr F that he would have to close his account, until 9 January 2023.

I have to consider what the appropriate compensation payment is. As far as reasonably possible this should put Mr F in the situation he would have been in had RBS carried out his instructions or advised him to close the account at the appropriate time. And I am satisfied that, having considered all the evidence, RBS should have been reasonably aware in or around 14 October 2022 that he wanted to make the withdrawal. I think it should have told him then that he had to close the account, as I don't believe he actually had any other option. I think it fair, to allow this to have taken place, to apply the date of 28 October 2022.

So I think that RBS should compensate Mr F for the difference in exchange rates, between that date and the date it carries out the withdrawal or closes the account. As I shall set out below.

As regards the general compensation award, RBS has made an offer to pay Mr F £500, this is on top of the £250 already paid. I understand this is to reflect his distress and

inconvenience, travel costs, the cost of notarising his id documents (if he is still abroad) and the impact on Mr F up until its final response letter. I recognise that the award was intended also to cover out of pocket expenses as well as distress and inconvenience. Mr F was clearly put to a lot of inconvenience which could have been avoided. Coupled with that he had the anxiety of knowing he'd missed out on benefiting from the low GBP/USD exchange rate at the time. RBS hasn't said the award includes any losses he may have made in that respect. Whilst it is preferable to keep awards for distress and inconvenience separate from those for financial losses, as it stands, I think the proposed award is fair and reasonable."

I note RBS' response to my provisional findings. As I have indicated to the parties, I think its proposals are reasonable based on allowing 14 days for closing the account or making the transfer. I shall direct accordingly. Mr F will be aware of its calculations in that respect.

I note what Mr F says about the existence of the current account and agree that the position is unsatisfactory. However I remain persuaded by my provisional findings that it is likely that there was a current account which was closed in about 2000, but accept there is no evidence that Mr F asked for it to be closed.

My proposals for resolving this matter are based on what should have happened at the time that Mr F asked for the transfer of dollars into pounds. He had requested that this be converted into £50,000 and if this had happened, RBS would have carried out the transfer using its appropriate buying and selling rates. I don't think the difference in exchange rates should be calculated on the entire balance as it was never Mr F's intention to convert the whole amount into pounds.

With regard to carrying out my directions, if Mr F accepts this decision, RBS will no doubt have procedures in place to do this and I don't need to make any further directions. As regards any closure of the account, I accept that Mr F will have to do this if he wants access to his money. However the mechanics of this do not form part of this complaint, and whilst I wouldn't expect RBS to charge for transfer of the funds to another dollar or currency account I can't guarantee that any receiving bank might not charge for this.

Save as set out above, I remain persuaded by my provisional findings. Those findings are now final and form part of this final decision.

Putting things right

RBS should:

- Calculate the amount (in dollars) that Mr F would have had to pay to receive £50,000 as of 28 October 2022, using its internal GBP/USD exchange rate.
- Then, in the same way, calculate the same figure as of 23 January 2023. As the latter figure is higher, it should pay the difference between the two figures to Mr F in pounds sterling, using its internal USD/GBP exchange rate
- Pay Mr F a further £500 compensation (in addition to the £250 already paid).

My final decision

I uphold the complaint and require The Royal Bank of Scotland Plc to provide the remedy set out under "Putting things right" above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F to accept or reject my decision before 24 October 2023.

Ray Lawley
Ombudsman