

The complaint

Mr F, trading as W complains that he lost out financially due to delays by Bank of Ireland (UK) Plc (BOI).

What happened

Mr F asked BOI to transfer £265,025 from his GBP account to a euro account he held with another bank. The receiving bank confirmed it had notice of the transfer on 14 September 2022 but the funds didn't arrive until 28 September 2022.

Mr F asked BOI to compensate him for the difference in exchange rate which would have been applied on 13 September 2022 to when the payment was received by his bank on 28 September 2022.

BOI said there had been delays carrying out compliance checks due to an increase in the volume of payments under review following additional Russian sanctions. As it didn't think the handling time was excessive, BOI didn't agree to compensate Mr F.

Our investigator didn't initially recommend the complaint be upheld but after Mr F provided his response to the investigation outcome, our investigator changed his view. He thought BOI had delayed the international transfer by five days.

BOI agreed to pay Mr F £250 to apologise together with interest at 8% on the amount it transferred. BOI didn't however agree that it should consider the change in exchange rate as part of putting things right.

Our investigator thought that as BOI accepted there had been a delay, it was fair to take account of the change in rate. But he thought that as the receiving bank rounded up the exchange rate on 28 September 2022, it would have done the same had it received the money five days earlier. On this basis, our investigator didn't think that BOI should pay more. However, he did say that he would consider things further if Mr F could get confirmation from the receiving bank that it would not have rounded up the rate five days earlier.

Mr F didn't agree with the investigation outcome. He gave the investigator an email from the receiving bank which showed that it applied a two tic margin (0.0002) to the rate it used on 28 September 2022. The wholesale rate was 0.8998, so the margin brought the rate up to 0.9. The same email said that the wholesale rate on 23 September 2022 (at the same time of day) was 0.8809. Mr F said that if you apply the same margin – 0.0002 – to this wholesale rate, it would have brought the rate the receiving bank used to 0.8811. If he'd benefited from the earlier rate, Mr F said he would have been better off.

Our investigator said that without confirmation from the receiving bank, we couldn't be sure that it would have applied the same margin had the transfer happened on 23 September 2022. Our investigator thought it more likely that the receiving bank would have still rounded the rate up to 0.9. Mr F disagreed with this approach so the complaint came to me to decide.

I issued a provisional decision on 1 September 2022 which said:

I think it's agreed that due to delays on the part of BOI, the transfer happened five days later than it should have. So, I don't intend saying more about this aspect of Mr F's complaint. Instead, I want to concentrate on how BOI should put things right.

I agree with the investigator that despite what BOI has said, as it is responsible for a five day delay, part of the resolution of Mr F's complaint should involve putting him back in the position he would have been had the transfer happened sooner. This means BOI should compensate Mr F for the loss he suffered when the receiving bank carried out the exchange on 28 September 2022 rather than 23 September 2022.

Our investigator went back to the receiving bank to ask whether it would have rounded up the wholesale exchange rate to 0.9 on 23 September 2022. The receiving bank replied to say that it never rounds up the exchange rate it uses. On this basis, I don't have reason to conclude that the receiving bank would have used the same rate on 23 September 2022 as it did on 28 September 2022.

This leaves the question of what rate the receiving bank would have used had the transfer happened sooner. Mr F says that the receiving bank applied a reduced two tic margin to the exchange of £265,000 because he was going to suffer a loss on the exchange rate quoted to him on 13 September 2022. He thinks the receiving bank would have applied the same logic to the rate on 23 September 2022 and I agree that this is a reasonable assumption to make. I don't think it fair to hold up matters further for Mr F by going back to the receiving bank to double-check this first. The receiving bank has already confirmed that it doesn't just round a rate up – I think this is enough for me to base my decision on.

If the transfer had gone ahead on 23 September 2022 at the wholesale rate plus the same margin as on 28 September, based on the information from the receiving bank, the rate used is likely to have been 0.8811.

If the receiving bank had bought £265,000 at the rate of 0.8811 on 23 September 2022, it seems likely that Mr F would have received 300,760.41 euro rather than the 294,444.44 euro which he received five days later due to a less favourable exchange rate. So, I think it reasonable to require BOI to pay Mr F the exchange loss he sustained in the sum of 6,315.97 euro.

BOI has already agreed to pay 8% interest on the transferred sum of £265,025 from 23 September 2022 to 28 September 2022. However, as Mr F has been deprived of money because of the exchange loss, I think it fair to require BOI to pay interest on the exchange loss of 6,315.97 euro from 29 September 2022 to the date of settlement. I have used 29 September 2022 as the start point because BOI has already agreed to pay interest to 28 September 2022 on the amount it transferred.

When responding to my provisional decision, it would be helpful if Mr F could say how he'd prefer to receive the exchange loss i.e. in euro or the equivalent amount in GBP. BOI will then need to agree with Mr F how to pay the compensation.

I then outlined exactly what steps BOI should take to put things right for Mr F.

Further submissions

Mr F confirmed he had no further information to add and awaited my final decision. BOI didn't respond to my provisional 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.

As Mr F hasn't asked me to consider any further information and BOI hasn't responded, I consider it reasonable to make my final decision along the same lines as my provisional decision.

Putting things right

BOI should:

- Pay Mr F 6,315.97 euro or the equivalent amount in GBP after agreeing with Mr F how and where such payment should be made;
- Pay 8% simple interest on the sum of £265,025 from 23 September 2022 to 28 September 2022;
- Pay 8% simple interest on the exchange loss of 6,315.97 euro from 29 September 2022 to the date of settlement; and
- Pay £250 compensation for the trouble and upset caused.

My final decision

My final decision is that I uphold this complaint and direct Bank of Ireland (UK) Plc to put things right in line with the above directions.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F to accept or reject my decision before 31 October 2023.

Gemma Bowen
Ombudsman