

The complaint

D complains that Barclays Bank UK PLC (Barclays) converted a USD inward payment to GBP.

What happened

D had a Barclays business account. D's director sold some shares in a company. The amount received was USD581,762. This was received by Barclays and converted into GBP on 18 March 2022. The GBP credit was £439,377.69. The rate was 1.324.

D's director (who I will refer to as Mr C) complained. He said he had given instructions to Barclays' relationship manager that USD were to be held in a bank account in USD and not converted to GBP. He said he advised Barclays the payment was to be in USD. At no time was he told that D would need to open a USD currency account. The situation wasn't helped by the fact that Barclays changed the RM in January 2022 – and he left Barclays in April 2022.

D's director evidenced call logs to and from his phones to show the calls between himself and Barclays. He said the exchange rate losses were £64,050 as at December 2022.

Barclays said the communications between the bank and Mr C indicated that Barclays could accept a USD payment into a GBP account, but that would be converted into GBP as the account could only hold GBP. The only way for USD not to be converted is to have the payment paid into a USD account. When payments are received in another currency, the amount is automatically converted at the prevailing exchange rate. Barclays couldn't find any evidence to say Mr C was advised that the payment wouldn't be converted. Barclays listened to one call – on 19 January 2022, and on that, the call handler said the payment would be converted. Barclays didn't uphold the complaint.

D brought its complaint to us. Our investigator said Barclays acted reasonably and didn't uphold the complaint. He listened to the calls on 19 January 2022 and 3 February 2022 – and found no evidence that D was advised that the funds would not be converted to GBP.

Our investigator said - on the call on 19 January 2022, the call handler said the amount would be converted, and the calls on 3 February 2022 and 24 February 2022 were inconclusive. Barclays' terms and condition also say that non-GBP payments will be converted into GBP.

D's director didn't agree and asked that the complaint be looked at by an ombudsman, so it has come to me to do that.

I made a provisional decision which said:

Barclays' terms and conditions say "*Payments into your account: We'll convert the payment into the currency of your account. To do this, we use the Barclays reference exchange rate plus a margin, which creates the exchange rate.*" So, these are clear - Barclays will convert

non-GBP payments into GBP.

But that's not the end of the story. The crux of this complaint is the communications between Mr C (for D) and Barclays, and whether Barclays acted reasonably here.

I reviewed the emails between Barclays and Mr C. The relevant one is dated 24 February 2022 – this included *"Funds will be paid in USD"*. Of itself, I don't think it's reasonable for me to conclude that meant Mr C wanted to hold the funds in USD after they were received. Mr C has provided a log of calls between himself and Barclays. We asked Barclays for all calls and a call log to ensure we had all the information. Barclays provided calls as follows (and I listened to them):

19 January 2022: Mr C advised the large payment was to arrive and wanted to ensure the account of D could receive it – as it was to be in USD. Barclays' call handler confirmed the account could receive such a payment and said: *"...it will come in in USD into the sterling account and (it will) convert over if that makes sense..."* Mr C said *"that's good to know..."* So – at that time, Barclays made a reference that a conversion to GBP would be needed. But – I think it's reasonable to say that this first call was about general information gathering – and whether the account could receive an inward payment. I don't think it's reasonable for Barclays to rely on this call as evidence to argue that Mr C was told that a currency conversion would take place, and to dismiss his complaint.

3 February 2022: This is the important call in the context of this complaint. Mr C advised his RM that the USD payment of around 0.5M USD was to arrive *"in the next four weeks"* and he had confirmed (previously) that the *"account was set up to receive USD"*. He then said he wanted to *"hold it in USD and at some stage convert it into sterling..."*

He then said he didn't want it *"eating up foreign exchange...so (I want) to hold it in USD for a while..."* Barclays didn't say this call had been listened to in their final response letter – so it appears Barclays didn't consider this call when investigating D's complaint. So here, having listened to the call – I'm satisfied that Mr C told Barclays that he wanted to hold the funds in USD. Mr C was specific and precise in what he said.

Barclays' RM then went onto discuss savings and investments with Mr C and there was no further reference to the payment itself. Mr C said he intended to make some GBP investments with the money. But - I think it's reasonable to have expected Barclays to have told Mr C that the current account couldn't be used to hold USD – and that to do so, D needed to open a currency account in USD. And – then arrange that or provide the guidance for D to do that.

24 February 2022: Mr C called the RM. He said closure of the transaction was imminent. Mr C said, *"the payment will come through in USD, so I wanted to be clear that nothing will be rejected or sent back or whatever...the funds will (then) sit in the account..."* The call then went on to discuss what Barclays would need to do to receive the money – i.e. their regulatory checks. So this call – was about ensuring the funds would be received into the account and not returned to the sender.

Mr C says there are other calls, but we've seen Barclays' call logs and there aren't any others.

On the call on 19 January 2022 – Barclays made a comment that the funds would be converted to GBP. But in the call on 3 February 2022 - Mr C told Barclays he wanted to hold the USD in that currency. I consider that the call on 3 February 2022 is more important than the earlier call. And on it, Mr C told Barclays that he wanted to hold the funds in USD. I therefore would have expected Barclays' RM to have picked that up and advised Mr C that a

GBP account could not hold USD and told him a USD currency account was needed. But unfortunately, he didn't.

I now need to establish what D's reasonable losses were. Mr C argues that the GBP/USD exchange rate was such that the losses were GBP68,224 on 15 September 2022 – when his solicitors wrote to Barclays, and the losses increased to GBP73,912 on 18 October 2022. But I don't think it's reasonable to accept these figures – as there is no evidence to suggest that the USD would've been held until that time. I need to establish a methodology that is fair and reasonable to both D and Barclays – based on what happened or was likely to happen in the circumstances. I say that as the core principle of this service is to put a customer back in the position they would've been in had the error not occurred.

Looking at Mr C's calculations:

- Mr C has used an 'average' exchange rate – and the important rate to be used is Barclays' spot rate for converting USD to GBP. This will be different to the rates used by him.

- I don't think it's reasonable to assume that Mr C would've held the USD until that time. I heard him say on the call on 3 February 2022 that he intended to invest in GBP with the money. He wasn't specific about when and how much. But I can see from D's statements that payments totalling £300,000 were made (in GBP) by October 2022. There had also been another payment of £100,000 on 6 April 2022.

- The payments/investments were:

Date	Amount	Payment
6 April 2022	£100,000	Transfer/payment
28 April 2022	£50,000	Investment Fund
13 May 2022	£25,000	Investment Fund
24 May 2022	£25,000	Investment Fund
14 June 2022	£25,000	Investment Fund
17 June 2022	£50,000	Investment Fund
24 June 2022	£80,000	Investment Fund
14 July 2022	£25,000	Investment Fund
18 October 2022	£20,000	Investment Fund
Total	£400,000	

So - it appears that a lot of the money would've been converted to GBP to make those investments /payments. So – for those reasons, I think it is fair to calculate D's losses by assuming D would've opened a USD currency account to receive the USD in March 2022. And then – convert the USD to GBP on the dates shown (and for the amounts of investments made) by reference to the rates as at each date.

- That leaves £39,377 to be accounted for. I will take views from either D or Barclays as to how to deal with this. Mr C (for D) might like to evidence how that money was used and when - which I will consider. But otherwise, I am minded to not deal with any 'loss' on that amount .

I am proposing to uphold this complaint. And ask Barclays to:

- Calculate the conversion of each payment as per the schedule at Barclays' spot rate on the dates shown by comparison to the rate used on 18 March 2022 (1.324) and refund the difference.

Responses to the provisional decision:

Barclays accepted it. D's director also did, with the following comments (in summary):

- He said he had spent more than £3,000 in legal fees, which could've been avoided if Barclays had resolved the complaint when it was put to them. He said these should be reimbursed.
- On the remaining £39,377 – he showed evidence that a further purchase of GBP was made on 29 December 2022, bringing the total purchase of GBP to £425,000. So – that should be taken into account.

I now need to consider these comments and make 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.

On the legal fees, as a principle, our service doesn't agree to the reimbursement of such fees – on the basis that it was D's director's decision to use solicitors. Complaint handling services at firms (and our service) do not normally need such services to reach fair decisions. So – I set this point aside.

On the further purchase of GBP25,000, I agree that it is reasonable to include this in the refund calculations and we put this to Barclays to work out the relevant refund.

Putting things right

Barclays calculated the refund to be USD28,900 as follows:

- £425,000 was converted at the (original) rate of 1.324 = USD562,700.
- £425,000 should have been converted at 1.256 (average weighted customer rate across the ten transactions) = USD533,800.

So – D's loss is USD562,700 less USD533,800 = USD28,900.

We have looked at Barclays' calculations and are satisfied they are reasonable.

In responding to this final decision, D's director should advise how he wants to refund to be paid – in USD or GBP. If GBP, it will be converted at Barclays' customer spot rate as at the date of settlement.

My final decision

I uphold this complaint. Barclays Bank UK PLC must:

- Refund the exchange loss of USD 28,900. D's director should advise how he wishes this to be paid – in USD or GBP.

Under the rules of the Financial Ombudsman Service, I'm required to ask D to accept or reject my decision before 1 November 2023.

Martin Lord
Ombudsman