

The complaint

A company which I'll call 'C' complains that Lloyds Bank Plc treated them unfairly from the rate it charged when they made an international payment.

The complaint is brought on C's behalf by one of their directors, Mr K.

What happened

C told us:

- In April 2023, one of their clients sent a payment of around £42,000 to them. In error, the client said that the money should be credited to their USD account rather than their GBP account.
- This meant that when the funds were credited, they didn't receive the full expected payment because of the exchange rates charges applied by Lloyds to change the payment from GBP to USD.
- They thought that Lloyds should have notified them of the incoming payment so they could have resolved the issue.
- The client was important to their business, so they wanted Lloyds to return the payment at the full amount and therefore cover the loss they'd incurred due to the exchange rate it had charged.

Lloyds told us:

- The rate applied to C's incoming payment was the 'wholesale rate' less Lloyds cost margin. There was no additional fee charged.
- It wouldn't have been able to contact C and tell them the payment was incoming and the rate applied because it wasn't within its remit to do so, nor would have it have known the payment had been made in error by C's client.
- C's client had requested they return the funds, and this would be subject to a further exchange rate loss.
- It hadn't made any error, but its Relationship Manager had offered £300 as a gesture of goodwill.

Our investigator didn't recommend the complaint be upheld. She didn't think Lloyds had done anything wrong as it had acted on the instruction of C's client and wouldn't have known this was an error. She also acknowledged that C had paid their client back in full and incurred a loss to do so, however she didn't think Lloyds should be held responsible for this. She also thought the gesture of goodwill from Lloyds was more than fair as it hadn't made a mistake.

C didn't agree. They said that when they make a transfer through Lloyds, they had to approve the exchange rate so it should be the same in reverse. They also said they thought the ombudsman was to help complainants against the banks. So, they asked for an ombudsman to review their complaint.

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.

Having done so, I've decided not to uphold it. I'm sorry to disappoint Mr K, but there's not much more I can add to what our investigator has already said about C's complaint.

C says that Lloyds treated them unfairly because of the exchange rates it charged and because it didn't notify them of the incoming payment. But I don't agree. I can see that Lloyds has already explained to C how it calculates the margin on its exchange rates, and the account terms and conditions explain that these are the rates which will be applied to transactions. This is a commercial decision that Lloyds is able to make on what it charges for this, and not one that our service will interfere with, provided the bank is treating its customers fairly when applying them. And I'm satisfied that Lloyds has acted fairly here.

Furthermore, I recognise that C says they have to agree a rate with Lloyds when making a currency payment. But this will be for the outgoing payment, not incoming. So, I don't think it's unreasonable that Lloyds didn't contact them to notify them of the rate being applied, nor do I think it's reasonable for C to expect Lloyds to contact them when payments are received into their account. C has told us that they have incurred an exchange rate loss for the payment from their client and the return payment. Whilst I recognise this would have been frustrating for C, it was their decision not to charge their client for the initial loss and then to refund the original amount back to the client. Lloyds didn't make an error on either payment, it simply actioned these requests as instructed, so it wouldn't be fair for me to hold it responsible for the losses C has incurred.

I acknowledge C's comments about this service, and I understand that they will be unhappy with my decision. However, we are an impartial service that looks to resolve complaints on a fair and reasonable basis for both parties - we are not a complainant champion. In this case, Lloyds hasn't done anything wrong so I can't fairly ask it to pay C's losses. I can see that since the complaint has been brought to our service that C has chosen to move their business account elsewhere. Lloyds has told us as that as result of this, it has withdrawn its gesture of goodwill as this was offered to maintain its relationship with C. As I don't think Lloyds has made an error, it follows that I will not order it to pay compensation.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask C to accept or reject my decision before 22 March 2024.

Jenny Lomax
Ombudsman