

The complaint

A company, which I will refer to as D, complains that Barclays Bank UK Plc's errors caused it to suffer currency losses of just over \$2,500 USD.

What happened

D's representatives told us:

- D has both a sterling and a US dollar account with Barclays (as well as another account which is not relevant to this complaint).
- At around 11am on 4 July 2023* D's cashier wanted to transfer £18,000 from D's USD account to its sterling account. That is something she has done before, and she gave instructions in the usual way – but nothing happened. Previous transfers had been actioned immediately, but she was aware that the bank had previously said transfers can take up to two hours, so she waited three hours. (*D's representatives initially said the instructions were given on 5 July 2023, but they later agreed that 4 July 2023 was the correct date).
- At around 2pm on 4 July 2023 the transfer had still not gone through, so D's cashier tried again. There was no error message or anything to inform her that there was a problem, but still nothing happened.
- D's cashier needed to make a payment to a supplier, so she tried for a third time at 4pm on the same day. Still nothing happened, and there was still no error message or other communication to inform her of a problem.
- At that point D's cashier called Barclays' customer helpline to find out why the transaction had not been processed. Barclays said there was a block on the accounts because it needed further information for its Know Your Customer (KYC) review. An appointment was made for her to go to a Barclays branch with her passport and provide identity evidence to Barclays. Barclays then said the accounts were no longer blocked, so at 7pm on 4 July 2023 she made a fourth attempt to transfer the money. Again, nothing happened.
- They later discovered that Barclays had processed all four of the transaction attempts on 5 July 2023. They asked Barclays to reverse three of the transactions, but it refused. It said that they could transfer the money back to D's USD account themselves, but when they did so they were horrified to discover that the balance of D's USD account was \$2,588.40 lower than it should have been.
- Barclays still insisted that D's cashier visit a branch with her passport, so she did so – meaning that she had to take time off work, and incur costs for parking and mileage.
- To resolve this complaint, they would like Barclays to pay \$2,588.40 plus interest and compensation for the inconvenience caused. The bank has paid them £75 to

apologise for blocking D's accounts, but that is not sufficient for the worry and the time taken to get the matter resolved.

Barclays told us:

- D's representatives did not give payment instructions to transfer £18,000 on 5 July 2023; the instructions were given on 4 July 2023 – and US banks were closed on that date.
- D initiated four separate payments of £18,000 on 4 July 2023, and its instructions were correctly processed on 5 July 2023. The terms and conditions of D's account say "If you open an account in a currency other than sterling or euros, your money will be subject to any local practices (including working days) and laws. So, for example, we may not be able to make a payment on a holiday day in that country, even if it's a working day in the UK."
- There was no bank error, and so Barclays is not prepared to pay compensation for any differences in exchange rates.
- The delays in processing D's 4 July 2023 instructions were solely because 4 July is a holiday in the US; they were not in any way related to the bank's KYC process. If Barclays had blocked D's account as a result of KYC, D's representatives would not have been able to access online banking at all. However, as a separate matter, it did require information from D as part of its KYC process, and so it made no error in asking D's staff member to visit a branch.
- Although the 4 July 2023 instructions were not processed until the morning of 5 July 2023, by the time D's cashier called the bank it was too late for any of the transactions to be cancelled. Cancellation is a manual process with a 48 hour service level agreement, and given that D's cashier didn't call until very late on 4 July 2023 (around 4.30pm) there wasn't enough time for any of the payments to be cancelled.

One of our investigators looked at this complaint, and upheld it in part. Briefly, her conclusions were:

- D's instructions were given on 4 July 2023, not on 5 July 2023. D gave four payment instructions: one at around 11am, and then additional instructions at or around 2pm, 4pm and 7pm.
- She was satisfied that D only intended to give one instruction, and so she considered whether Barclays was responsible for any or all of the duplicate instructions.
- She didn't think she could hold Barclays' responsible for the duplicate instructions given at 2pm or 4pm. She thought the terms and conditions of D's account clearly explained that payments from a USD account might not be made on holiday days in the US.
- However, she thought that Barclays was responsible for the duplicate instruction given at 7pm. She said she had been unable to obtain a call recording from Barclays (despite requests), but on balance she accepted D's testimony about what Barclays had said during that call – D was told that the payments were blocked for reasons associated with KYC. She thought that if Barclays had explained that the payments were delayed due to the bank holiday, D wouldn't have attempted to initiate the fourth payment at 7pm on 4 July 2023. So, she thought Barclays should compensate D for

any costs incurred as a result of the duplicate instruction given at 7pm.

- She thought Barclays was entitled to ask D's representative to visit a branch with her passport, so she didn't think Barclays had made an error in making that request.
- To resolve the complaint, she recommended that Barclays pay D \$862.20 (one third of the currency loss), plus interest at 8% per year simple from 5 July 2023 until the date that amount is refunded.

Barclays accepted our investigator's conclusions, but D's representatives did not. They accept that 4 July is a holiday in the US, but they consider that is irrelevant – the transactions were from one Barclays account held in the UK to another. They also said that they now realise the \$2,500 loss was caused by currency margins, and that the loss was created by the difference in the buying rate and the selling rate. They consider that Barclays made an exchange rate profit due to its own error, and that is not fair. In respect of KYC, they said that Barclays should have asked all of its questions at once, and that it is not their fault if Barclays forgot to ask some of the questions it needed.

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 have reached the same conclusions as our investigator, for broadly the same reasons. I give further explanation below.

Looking first at the KYC issues, I don't think Barclays did anything wrong. Barclays is entitled – and indeed required – to carry out regular KYC reviews. I acknowledge that D's representatives would have preferred the review to be carried out more quickly, and that they suffered some inconvenience in visiting a Barclays' branch, but since I am not satisfied that Barclays made any mistakes in carrying out the KYC review I don't think it would be fair for me to award any compensation for that inconvenience.

I am aware that Barclays initially told D's cashier that the KYC review was the reason the transfers she instructed at 11am, 2pm and 4pm on 4 July 2023 were not immediately processed. However, it later said that was not the case.

D's representatives do not accept that the 4 July holiday in the US should make any difference to when D's money was transferred between two accounts held in the UK. However, I consider that Barclays' terms and conditions make clear that it might not make payments on USD accounts on non-working days in the US. I acknowledge that all of D's accounts were held in the UK, but in order to manage its own currency positions Barclays may need to carry out trades with other financial institutions – and financial institutions based in the US may not be open on 4 July. In the circumstances, I accept Barclays' evidence that that is the reason for its delay in processing the transfers D's cashier instructed on 4 July 2023.

D's cashier gave four separate instructions for Barclays to make four identical transfers from D's USD account to its sterling account. This is not a case in which the later instructions were obvious errors. Although the instructions were all for the same amount on the same day, they were placed several hours apart – and account holders sometimes do wish to make multiple transactions for the same amount on the same day. If D's cashier had not called Barclays after her third attempt to make the transaction, I would have said that the only evidence available to Barclays suggested that all four of the transactions were deliberately placed, and that D's cashier intended Barclays to carry them out. In that case, I

would have said that Barclays was entitled (and arguably required) to act on all four of the instructions it had received.

However, I consider that the telephone call between D's cashier and Barclays at approximately 4.30pm on 4 July 2023 changes things in respect of the last instruction (the one D's cashier gave at around 7pm). I agree with our investigator that it is likely Barclays gave her the wrong information during that call, in that Barclays said the account was blocked for KYC reasons rather than explaining that the transfers were merely delayed because 4 July is a non-working day in the US. That was a mistake on Barclays' part. But Barclays did not make that mistake until D's cashier called Barclays – and so the bank's mistake cannot have impacted the instructions she gave at 11am, 2pm or 4pm on 4 July 2023.

If Barclays had given D's cashier the correct information when she called on 4 July 2023, then I don't think she would have given instructions for a fourth transfer at 7pm on that day. Barclays should therefore compensate D for the losses it suffered as a result of that fourth transfer going ahead.

I don't think Barclays should have to pay any compensation in respect of the second and third transfers (instructed at 2pm and 4pm on 4 July 2023). The loss in respect of those instructions arose because the rate Barclays used for the initial USD to GBP transactions was different to the rate it used to convert GBP back to USD. That is normal banking practice, and I do not criticise Barclays for using different rates for USD to GBP conversions than for GBP to USD. I acknowledge that D's representatives consider that the currency loss means Barclays is profiting from its own mistake, but I don't think Barclays did make any mistakes in respect of the second and third transfers.

I've considered whether Barclays could have done more to help D, but I accept the bank's evidence that by the time D's cashier called on 4 July 2023, it was too late for the bank to cancel the previous instructions.

Putting things right

D's cashier gave four separate instructions to Barclays when she only intended one transfer to take place. For the reasons I've explained above, I'm satisfied Barclays is only responsible for the instructions she gave at 7pm – that is, for one third of the instructions the cashier did not mean to give. I therefore agree with our investigator that Barclays should compensate D for one third of the currency losses it suffered.

Barclays should therefore pay D:

- \$862.80 to compensate it for one third of its currency losses; plus
- Interest on the above amount, at rate of 8% per year simple, calculated from 5 July 2023 until the date Barclays settles this complaint.

My final decision

My final decision is that I uphold this complaint in part. I order Barclays Bank UK Plc to pay compensation to D as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask D to accept or reject my decision before 24 July 2024.

Laura Colman
Ombudsman