

The complaint

Mr K complains about the rate of exchange Bank of Scotland plc ("BOS") applied when converting foreign currency received into his account to sterling. He says it used the tourist rate rather than the rate applicable to commercial transactions.

What happened

On 22 August 2023 Mr K received a transfer of around 177k in foreign currency into his saver account held with BOS. Mr K says BOS used an exchange rate of 0.5673 that was below the market rate for the day (which Mr K believes was 0.5790) and that this has left a shortfall of £2,045.

Mr K complained to BOS about this. BOS didn't uphold Mr K's complaint as it didn't determine it had made an error in that it had applied the correct exchange rate once the margin had been applied as per the rates it quotes. Following this Mr K says he received a call from a BOS member of staff on 12 September who advised him that it would refund the margin charge if he visited a branch.

After checking with the branch in question and call recordings, BOS wasn't able to verify that this conversation took place and so were not willing to honour this, but as a gesture of goodwill it agreed to refund £25 for the postage Mr K spent in pursuance of his complaint.

Mr K was dissatisfied with this and brought his complaint to this service.

One of our investigator's looked into Mr K's concerns but didn't think BOS had treated Mr K unfairly as all banks charge different rates and the Bank of England's rate is only a guide and that BOS's website makes it clear that BOS use its own exchange rate – which includes a margin dependent on the sum involved - to process foreign currency received into a customer's account as well as providing tools so that a customer can work out what exchange rate will be used. And as such didn't think BOS needed to do anything more to resolve Mr K's complaint.

Mr K disagreed and has asked for an ombudsman's 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 role is to look at problems that Mr K has experienced and see if BOS has done anything wrong or treated him unfairly. The crux of Mr K's complaint is regarding the exchange rate BOS applied on receipt of foreign currency into his savings account. Mr K is unhappy with the exchange rate used and wants BOS to make up the difference in the rate BOS used and that of what he believes to be the market rate of the day plus interest.

It might be helpful for me to say here that, I don't have the power to tell BOS what exchange rates it has to offer to customers when foreign currency payments are received into their

accounts - this is a commercial decision and not something for me to get involved with. We offer an informal dispute resolution service and we have no regulatory or disciplinary role – that's the role of the regulator, in this case the Financial Conduct Authority (FCA).

That said while I won't tell a business what products or services it needs to offer or how much it is entitled to charge for this, I would expect that any information it does provide to its customers - needs to be accessible to them and communicated in a clear, fair and non-misleading way.

And in Mr K's case I think it was. I say this as I can see that BOS's website provides all the important information about the exchange rate BOS uses and any charges incurred by a customer with incoming transfers in foreign currency and in particular details that BOS uses its own exchange rate to process payments which includes a margin which is *"the difference between our standard exchange rate and the wholesale rate at which we buy and sell currency in the foreign exchange markets."*

BOS also provides a table detailing the margins depending on the sum of money transferred and calculator so that its customers can work out what rate/charge will be applied as well as a number to call to find out the current exchange rate.

I appreciate Mr K believes that BOS should've applied the market exchange rate of the day. But by accepting to receive foreign currency and converting it to GBP, BOS was providing a service which it was entitled to charge for. I haven't seen anything to show me that BOS agreed to apply a different rate or that it failed to apply the rate as outlined on its website and allowed as per its terms and conditions.

So having considered everything – including the relevant laws and regulations that applied at the time Mr K raised his complaint – I don't think that BOS has made an error or treated Mr K unfairly as the information regarding what exchange rate would be applied – and margin - on incoming foreign transfers was I think accessible and provided in a what I consider a fair, clear and not misleading way.

I understand that Mr K believes that a staff member of BOS agreed during a call to refund the shortfall of £2,000 to him. But – and I know this will come as a disappointment - as there is no evidence of this and BOS has said it is not willing to do this *and* because I don't think BOS has done anything wrong or treated Mr K unfairly, I'm not going to ask BOS to do anything more.

My final decision

For the reasons I've explained, I do not uphold Mr K's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 28 May 2024.

Caroline Davies
Ombudsman