

The complaint

Mr A has complained about Nationwide Building Society's actions when he attempted to purchase the lease of a property overseas using funds held in an account he held with it.

What happened

I have previously issued a provisional decision regarding this complaint. The following represents excerpts from my provisional decision, outlining the background to this complaint and my provisional findings, and forms part of this final decision:

"The lease on a property overseas that a relative of Mr A's was living in was coming to the end of its term, and he wanted to use funds he held in Nationwide to buy it. Mr A was told what the cost of purchasing the lease would be in the local currency, together with the details of the overseas local authority's bank account where the funds would need to be sent.

In February 2023 Mr A visited a Nationwide branch where a staff member assisted him with completion of documentation required to transfer money to the overseas local authority's account. Mr A says that at this time, the staff member indicated everything had been completed as required, and there was no mention of any information being missing. Based on an exchange rate of 4.1763 at that time, Mr A was told he would need to transfer £49,298.35, which he did. There was also a fee of £20 for using the SWIFT system, which is a secure messaging system that allows banks to instruct each other on payments. Mr A says that he was not warned that there could be any problems that could lead to a financial loss.

I think it's helpful here to explain that the process Nationwide uses for overseas foreign currency payments involves a 'correspondent' bank, which sends the payment to the recipient bank. In its literature for overseas payments, Nationwide describes the correspondent bank as its 'Agent Bank'. I will refer to the correspondent bank used for Mr A's payment as Bank H.

In March 2023 Mr A received a sum of £47,581.86 in his account, with no explanation about what this represented. He visited his local branch and Nationwide told him that the transfer had not worked, but it did not know the reason why. Mr A complained because he had received back £1,716.49 less than he had initially transferred in relation to the lease purchase.

In response, Nationwide stated that Mr A's funds had been converted to the relevant foreign currency and had left the UK on 15 February, but were sent back due to missing information. It accepted that in error it had initially told Mr A that the funds had not left the UK when in fact they had. It also accepted that there had been a delay in crediting money back into Mr A's account due to an error by Nationwide. It said this should have occurred on 24 February, but was delayed until 10 March. However, Nationwide said that the delay in returning the money was beneficial to Mr A due to the movement of exchange rates over this period, resulting in him receiving back £219.07 more than would otherwise have been the case.

Nationwide stated that it was for account holders to ensure they have relevant information for SWIFT payments before requesting for funds to be transferred. However it said that it had credited Mr A's account with £150 compensation to reflect the delay in returning his failed payment to him, and to acknowledge that incorrect information had been given about the payment not leaving the UK.

Dissatisfied with Nationwide's response, Mr A brought a complaint to this service. He said that he had visited the local authority overseas that was selling the lease and had been informed that all the account details he had given Nationwide were correct. The local authority also stated that it had no record that an attempted transfer of the funds had been made in February 2023. Mr A highlighted that he was using the majority of his life savings to purchase the lease, and he stated that Nationwide had not told him what information he was missing. He also commented that it was a Nationwide member of staff who had helped him complete the transfer forms. Mr A questioned why the money wasn't returned on the same day that it was sent using the same exchange rate, if the transfer could not go ahead due to missing information. His view is that Nationwide has benefitted from the failure of the transaction, at his expense.

Our investigator did not uphold this complaint. His view was that Nationwide had compensated Mr A fairly by paying him £150 for initially misinforming him that his funds had not left the UK, and for the delay returning the funds to him. However he concluded that the movement in exchange rates meant that Mr A had received back a higher amount than would have been the case if the return of the money had not been delayed.

The investigator also considered that Nationwide was not at fault for the transfer to the overseas bank failing. Based on Nationwide's submissions, he confirmed that the payment had failed because the recipient bank had stated a 'TTC number' was missing.

Mr A disagreed with the investigator's findings. He commented that he had provided all the information he was asked to by Nationwide when completing the SWIFT transfer request form. He also highlighted that within the investigator's assessment, it was explained that when the recipient bank told Bank H that a TTC number was missing, it said the payment instruction would be cancelled if it did not receive full details within 10 days. Mr A questioned why at this point the transaction was cancelled, rather than Nationwide making further enquiries in order to obtain the missing information.

Mr A has said that he paid Nationwide £20 for the use of the SWIFT system, and on that basis, he would have expected it to take some steps to complete the transaction when the recipient bank asked for more information. One such step would have been for Nationwide to have asked Mr A if he could provide the necessary information.

The investigator asked Nationwide if it could confirm its understanding of what a TTC number is. It said that it had not heard of this term. It also stated that Bank H had not told it what information was missing for the payment before the transaction was abandoned.

Mr A asked that an ombudsman review this complaint, and it was passed to me. I have recently sought information from both parties as part of my consideration of the case.

I asked Mr A if he knew what a TTC code is, and he confirmed that he had not heard of this term until it had been mentioned in the investigator's assessment. He said that from his own subsequent research, he now understood that this stands for a Transaction Type Code. Mr A stated that the staff member who had helped him complete the SWIFT form in the branch in February 2023 had been very helpful, but that form did not request a TTC code, and the staff member did not mention it either. He also explained that the overseas local authority had given him all the banking information it said was needed to make the payment, this

information matched that required on Nationwide's SWIFT form, and at no point did any of the parties involved in the transaction tell him that he needed to provide a TTC number.

I also asked Mr A to clarify what happened regarding purchasing the property lease, and he confirmed that this had been completed successfully in April 2023. Mr A said that he had sent funds to his relative's account, and she was then able to pay the local authority. He confirmed the cost of the lease remained the same in the foreign currency. However, the exchange rate had become more favourable (at 4.4108). This meant that Mr A had needed to transfer £46,700 to pay for the lease, plus pay a further fee of £20.

I asked Nationwide if it accepted that Bank H acted as its agent in this transaction, and consequently that Nationwide was responsible for its acts and/or omissions, but it did not respond directly to this question. In terms of why further enquiries were not made with Mr A by Nationwide and/or Bank H regarding the request for a TTC number, and instead the transaction was aborted by Bank H, Nationwide commented that such a number is not mandatory for a SWIFT payment. As a result, it did not consider it had been at fault. It also commented that even if it had contacted Mr A, he also would not have known what this number was.

What I've provisionally 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.

Nationwide has confirmed that in this transaction, it used Bank H as the correspondent bank. Nationwide's document entitled "Overseas and foreign currency payments" explains how it uses what it refers to as 'Agent Banks' to send overseas payments. Based on the information in this document, together with comments made within the submissions Nationwide provided to this service, my view is Bank H was acting as Nationwide's agent in this transaction. As a consequence, I consider that Nationwide is liable for the acts/omissions of Bank H in relation to Mr A's attempt to transfer funds overseas in February 2023.

That being the case, I have considered the events that occurred when that transaction failed. Bank H received a message from the recipient bank stating: "Please note that we are unable to execute your cash payment due to missing /TTC NO/(XXX) for payments." The message continued with the recipient bank asking for "an amended instruction with full details. Should we not receive full details within 10 business days from today, the instruction will be cancelled by our system and you will be required to issue a new instruction."

It appears from Nationwide's file that having received this message from the recipient bank, Bank H decided to abandon the transaction. However it is not clear to me why it took that decision, bearing in mind that it seems the receiving bank was saying that if the missing details were provided within 10 business days, the transaction could proceed. In my view at this time, Bank H should have approached Nationwide so that enquiries could be made to see if this missing information could be obtained. And as I have explained above, I consider Nationwide is responsible for Bank H failing to have done that.

I then need to consider whether a failure to make further enquiries about the missing TTC number would have made a difference to the February 2023 payment being made, and also whether Nationwide/Bank H's failure has caused any detriment to Mr A's position. Nationwide has stated that it has not heard of TTC as a term. It has also said that it is not mandatory for a SWIFT payment. Mr A had not heard of a TTC number before making this complaint, and has confirmed that he gave Nationwide all the information he'd been given by the local authority about the recipient bank when fully completing its SWIFT form.

It's therefore not clear to me whether a TTC number could have been obtained, by Nationwide or by Mr A, within the 10 business day timescale laid down by the recipient bank. However, in my view, Mr A should have been asked if he could provide this information. And this might have resulted in the February 2023 payment being made successfully.

Overall though, I don't consider that it is necessary for me to reach a definitive view about whether a TTC number could have been obtained within the recipient bank's timescale. That's because of what has subsequently occurred with the purchasing of the property lease. Mr A has confirmed that the lease was purchased in April, and that this cost him £46,700, plus a £20 fee for transferring the funds. Had the February 2023 payment been successful, Mr A would have purchased the lease at that time, but for a cost of £49,298.35.

In general, when a business makes an error, this service seeks to put the consumer back in the position they would have been in, had the error not occurred. When the payment failed and funds were returned to Mr A, he received back £1,716.49 less than he had initially transferred. But even taking into account that initial loss, when Mr A eventually bought the lease, he paid £46,700. His total outlay was therefore £48,416.49. This compares to a total expense of £49,298.35 if the lease had been successfully bought in February 2023.

As a result, my view is that Mr A has ended up in a better position financially with regard to the cost of the lease than he would have been if the February 2023 payment had been successful, due to the movement in the currency exchange rate. Consequently it does not seem to me that any error by Nationwide in failing to make attempts to ensure the February 2023 payment completed has caused Mr A to pay more for the lease.

My view is that it would be reasonable for Nationwide to reimburse Mr A for the £20 fee he incurred making the second payment attempt. That's because it may not have been necessary to make this second attempt if reasonable enquiries had been carried out when the recipient bank asked for the TTC number in February 2023.

In addition I have also considered the service that Mr A received from Nationwide in relation to this matter. Nationwide has already accepted that it initially misinformed Mr A that the failed payment had not left the UK and been converted into the required currency. There was also a delay returning the funds to Mr A, although due to currency rate movements, this in fact benefitted him. Nationwide offered Mr A £150 compensation to reflect these errors, and I understand that this amount was placed into his account in late May 2023.

In my view, Nationwide also caused Mr A unnecessary difficulties by failing to explain what the exact missing information was (the TTC number) that had led the recipient bank not to accept the payment. This was only confirmed to him once his complaint came to this service. And as I explained above, I also consider there was a failing in the service Nationwide provided Mr A in February 2023 when it did not contact him to see if he could provide the missing TTC number. To reflect these errors and the upset caused to Mr A, my current view is that Nationwide should pay him a further £100 compensation, in addition to the £150 already paid.

Finally, Mr A has questioned the exchange rates that Nationwide used when converting his funds between currencies. I note his comments, but there is not a single exchange rate for a currency that all banks must use, and I do not consider it's been shown that the rates used by Nationwide were inappropriate.

Mr A also questioned why his money was not returned to him on the same day that it was sent to the recipient bank in February 2023, so that the same exchange rate could have been used to convert the funds back to sterling. However, the account terms and conditions

confirm that payments overseas, and outside the European Economic Area (EEA), will take longer. Nationwide's foreign currency payments information sheet also explained that where a payment is cancelled, the rate used to convert back to sterling may be different to that used when initially converting the funds. Overall, my view is that it was not possible for the timescale for a payment such as this to be carried out in a way that would result in the same exchange rate being used to convert the funds both from, and then back to, sterling, on the same day.

I appreciate that Mr A may be disappointed with my findings. However, my current view is that the compensation I have proposed above represents a fair way to resolve this complaint."

Responses to my provisional decision

Mr A accepted the conclusions I had reached in my provisional decision. He confirmed that in May 2023 he had received the £150 compensation Nationwide initially offered to him.

Nationwide stated that its correspondent bank had commented that it was normally for the beneficiary bank to provide a consumer with the TTC code. However, Nationwide confirmed that it accepted my proposal that it should pay a further £100 compensation to Mr A, together with covering the £20 fee that he had incurred attempting the second SWIFT payment.

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.

I thank the parties for their responses to my provisional decision. Having considered those responses, I do not consider that I have reason to alter the conclusions reached in that provisional decision.

My final decision

My final decision is that I uphold this complaint in part, and require Nationwide Building Society to pay Mr A a further £100 to reflect distress and inconvenience caused to him. This is in addition to the £150 it has already paid.

I also require that Nationwide Building Society pays Mr A £20 to reflect the fee he was charged for the second payment attempt.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 6 May 2024.

John Swain
Ombudsman