

## **The complaint**

A limited company, which I'll refer to as 'G', is unhappy with the service it received from Santander UK PLC surrounding an international transfer.

G's complaint is brought to this service by its director, whom I'll refer to as 'Mr B'.

## **What happened**

On 4 April 2023, Mr B instructed an international transfer from G's business account to a recipient in Australia. The transfer was for 54,110.12 Australian Dollars (AUD), and at that time it was confirmed to Mr B by Santander that this would equate to £30,198.21.

The payment was flagged by Santander's automated fraud prevention systems for further checks. Mr B spoke with Santander about the payment and, after several days, the payment was released on 14 April 2023 and 54,110.12 AUD was transferred as per Mr B's instruction.

Because of favourable movements in the GBP/AUD exchange rate between 4 April and 14 April 2023, the GBP amount that left G's business account was only £29,564.36 – meaning that the transfer of 54,110.12 AUD on 14 April cost £633.85 less than it would have done had it been processed on 4 April 2023.

However, on 18 April 2023, the payment was returned to Santander by the Australian recipient bank because the account number provided by Mr B for the transfer wasn't valid. Unfortunately, in this instance, unfavourable movements in the AUD/GBP currency exchange rate, as well as transfer charges, meant that G only received £28,657.72 back into its account. This was £906.64 less than the £29,564.36 that had left G's account only four days previously. Mr B wasn't happy about this, so he raised a complaint on G's behalf.

Santander responded to Mr B and confirmed that they had processed the transfer according to Mr B's instructions. Santander also noted that Mr B appeared to have inputted an invalid account number, which was the reason the transfer had been rejected by the Australian recipient bank. Because of this, Santander didn't feel they'd done anything wrong. And they also didn't feel they should reimburse the exchange rate loss to G as Mr B wanted. Mr B wasn't satisfied with Santander's response, so he referred G's complaint to this service.

One of our investigators looked at this complaint. During their review, Santander offered to bring the matter to a close by reimbursing the £906.64 back to G's account, so that G didn't lose financially because of what happened. Mr B didn't accept Santander's offer, so the matter was escalated to an ombudsman for 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.

I issued a provisional decision on this complaint on 12 March 2024 as follows:

*I'd like to begin by confirming that this service isn't a regulatory body or a Court of Law and doesn't operate as such. Instead, this service is an informal, impartial dispute resolution service. And while we do take relevant law and regulation into account when arriving at our decisions, our remit is focussed on determining whether we feel a fair or unfair outcome has occurred – from an impartial perspective, after taking all the factors and circumstances of a complaint into consideration.*

*In his recent correspondence with this service, Mr B has explained that he feels that G incurred two unfair losses. A first loss of £633.85, followed by a second loss of £906.64. And Mr B stated when he rejected Santander's offer to reimburse £906.64 that he wanted both losses – totalling £1,540.49 – to be reimbursed.*

*However, I hope that the timeline I've provided in the preceding section reassures Mr B that G hasn't incurred the £633.85 loss that he believes took place here. Rather, what happened was that because the transfer was delayed from 4 April to 14 April 2023, it benefitted from a more favourable exchange rate.*

*This meant that when the transfer of 54,110.12 AUD took place on 14 April, rather than costing £30,198.21 as would have been the case had it been processed on 4 April 2023, it only cost £29,564.36 – meaning that G incurred a saving of £633.85 on the initially quoted transfer price because of the delay. This can be confirmed from G's account statement, which shows the lower amount of £29,564.36 leaving G's account on 14 April 2023.*

*Where G has incurred a loss is in the returning of that transferred amount to its account four days later, at which time the application of transfer fees and an unfavourable movement in the currency exchange rate meant that only £28,657.72 was received back – a loss of £906.64. But I'm satisfied that this £906.64 is the totality of G's loss in this instance.*

*Santander have recently offered to reimburse this £906.64 back to G's account. This feels fair to me, and I'm satisfied that this reimbursement will result in G incurring no financial loss because of what happened here. As such, I'll be provisionally upholding this complaint in G's favour on this basis and instructing Santander to make the £906.64 payment to G that it's already offered to make.*

*Mr B is unhappy that Santander flagged the transfer in question for further checks, and he notes that he was inconvenienced by having to speak with Santander on several occasions to verify and release the transfer.*

*I'm sympathetic to Mr B here, and I appreciate that it can be frustrating and inconvenient when instructed payments are flagged for further checks by banks such as Santander. However, I'm also mindful of the regulatory and moral obligations binding on all financial institutions to have systems in place to protect their customer's money.*

*Fraud prevention systems are used by financial institutions to meet those obligations. These systems flag activity that may be of concern and prevent further usage of an account where it's felt that there is a possibility that fraud may potentially be occurring. Additionally, it's incumbent on banks to employ these systems with a degree of vigilance – to err on the side of caution, as it were – which unfortunately means that there will be instances where legitimately authorised transfers are flagged erroneously by the fraud prevention systems.*

*This is often frustrating and inconvenient for the customer involved. But it doesn't necessarily follow that because some frustration and inconvenience has been incurred that an unfair act has taken place. Rather, it can be the case that an unfortunately necessary amount of frustration and inconvenience may be required for a bank such as Santander to meet its account security obligations. And I feel that this is what happened in this instance.*

*Ultimately, I'm satisfied that Santander flagged the payment and followed the subsequent processes it did because it had genuine concerns about the safety of the transfer.*

*It also must be remembered that the reason the transfer was returned to Santander was because the account number provided by Mr B wasn't correct. Furthermore, given that Santander have now agreed to reimburse the £906.64 to G's account, the net result is that G will be £633.85 better off than it would have been, had the transfer been correctly instructed and processed on 4 April 2023, because of the favourable movement in the currency exchange that took place during the delay that surrounded the flagging of the payment.*

*Mr B has questioned why he was allowed to provide an incorrect account number to Santander and why this wasn't checked and discovered by Santander prior to the transfer being processed. But it simply isn't feasible for a bank to understand the account number formats used by all other financial institutions worldwide. This means that the onus was on Mr B to ensure that he provided the correct transfer details, in the correct format, to Santander. And I note that this was explained to him during one of the calls he had with Santander which I've listened to, during which Mr B was asked several questions about the validity of the transfer information he'd provided, including whether he'd actively verified it.*

*All of which means that I don't feel that Santander have acted unfairly here in how they've managed this situation. And this is especially the case given that they've now agreed to reimburse the £906.64 to G's account. So, while I will be provisionally upholding this complaint in G's favour and instructing Santander to make this £906.64 payment to G, I won't be instructing Santander to take any further action beyond this.*

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Mr B responded to my provisional decision letter and questioned whether G had been £633.85 better off because of the delay in making the overseas transfer. I remain satisfied that this was the case. And this is because G paid £633.85 less to make the transfer of 54,120.12 AUD than it would have done had the transfer gone ahead on 4 April 2023 when Mr B first tried to instruct it.

Mr B also said that he feels that the onus should have been on Santander, rather than on himself, to have ensured that the recipient account details were inputted correctly. I strongly disagree with Mr B's position here for the reasons already explained in my provisional decision letter. And I maintain that it was for Mr B – or indeed any customer instructing a transfer where the recipient details can't be verified automatically, as is the case with all overseas transfers – to ensure that the recipient account details that they enter are correct.

Mr B has also said that when he instructed the transfer, he wasn't told that he would be at the 'mercy' of exchange rates. But currency exchange movement is a fundamental part of international currency exchange. And ultimately, given that Santander have agreed to reimburse the £906.64 that G lost because of unfavourable movement in the exchange rate between the transfer being sent and it being rejected by the recipient bank – which, to reiterate, was rejected because Mr B inputted the recipient account details incorrectly – I remain satisfied that G haven't lost out financially here. Accordingly, I continue to feel that no further action from Santander beyond this reimbursement is fairly or reasonably required.

### **Putting things right**

Santander must pay £906.64 to G, if they haven't done so already.

**My final decision**

My final decision is that I uphold this complaint against Santander UK Plc on the basis explained above.

Under the rules of the Financial Ombudsman Service, I'm required to ask G to accept or reject my decision before 23 May 2024.

Paul Cooper  
**Ombudsman**