

## **The complaint**

Mrs O has complained about the assistance she received from Northern Bank Limited trading as Danske Bank when making an international payment.

## **What happened**

Mrs O was arranging to pay for materials from a company outside the UK for a home renovation. The invoice was for €15,632. Mrs O and her husband have accounts with several banks and she determined that Danske offered the best Euro/Pound exchange rate.

Mrs O is not used to sending international transfers and so she rang Danske on 1 March to ask for assistance. She explained the amount in Euros that she needed to pay. The representative explained how to do this online, and also confirmed the exchange rate that Danske would apply to convert from sterling to Euros. He told Mrs O that she would see the exchange rate when authorising the transfer, but when she attempted the payment later, the rate was not showing. Consequently Mrs O cancelled the transfer and rang Danske again.

During this second call the representative stayed on the line whilst Mrs O authorised the transfer. Again the exchange rate was not shown, but the representative confirmed to Mrs O that her understanding of its value was correct. The representative confirmed that the amount in sterling deducted from her account would be approximately £12,895, based on the current exchange rate. The transfer also incurred an international fee of £20. However the next day the company Mrs O was paying told her that it had only received €14,855.43, around €776 less than the invoice.

Mrs O complained to Danske about what had occurred. In response Danske agreed that during its calls with Mrs O, it had told her the sterling amount she would need to transfer to pay the invoice, based on the exchange rate it would apply. However it explained that the payment had in fact been sent to the beneficiary bank in sterling, and that was why Mrs O had not seen an exchange rate quoted when authorising the transfer online. It was the beneficiary bank that had converted the transfer to Euros, applying its own exchange rate. This was the reason why the receiving company had received €776 less than was required to pay its invoice in full.

Danske apologised that it had not accurately explained the best way to complete the transfer during its calls with Mrs O. It accepted that it should have explained to Mrs O that she needed to send the transfer in Euros to ensure the invoice was fully paid. It paid £50 into Mrs O's account to apologise for the service it had provided. It also said that if Mrs O made a further transfer to pay the outstanding balance on the invoice, it would refund fees relating to the transfer.

Mrs O brought a complaint to this service. She said she'd told Danske that she wanted to arrange to pay the full invoice amount in Euros, and from what the bank had told her, she'd understood that it would be sending Euros to the receiving bank. This she believed was why she'd incurred a £20 international transfer fee. Mrs O said that Danske had not told her the payment would be sent in sterling and then converted by the receiving bank.

I understand that Mrs O paid the additional €776 to the receiving company on 22 March, and this cost her a further £672.

Our investigator upheld this complaint. She proposed that Danske refund to Mrs O the cost she'd incurred paying the €776 shortfall on the invoice, and refund her the £20 international transfer fee because it had misinformed her about how to arrange the payment.

Mrs O agreed with the investigator's assessment.

Danske disagreed, commenting that Mrs O had not suffered a loss of €776 because this represented part of the invoice she was required to pay to the receiving company. It stated that the €776 shortfall for the invoice payment was the result of the receiving bank using a different exchange rate to that quoted by Danske to Mrs O. Danske highlighted that it had already paid £50 compensation.

In terms of the £20 fee, Danske commented that it had already offered to waive this for the second payment that Mrs O needed to make to the receiving company. However, it stated that its records did not show that this further payment had been made through Danske. That said, Danske confirmed said that it was willing to refund the £20 fee incurred for the original transaction.

### **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.

Danske accepts that it incorrectly informed Mrs O about how she should pay the invoice she'd received when sending an international transfer from her account. Mrs O had made it clear that she was intending to pay the full invoice amount in Euros, and Danske should have explained how she could do this. I need to determine what represents fair redress to compensate Mrs O for Danske's error.

Had Danske correctly informed Mrs O how to send the transfer in Euros, she would have paid the full invoice amount of €15,632 in one transaction. Instead, a sterling amount was sent to the account of the company that Mrs O was paying, and the receiving bank applied its own currency exchange to convert that to Euros.

Danske has said that the further €776 payment that Mrs O needed to arrange to fully pay the invoice represented an amount that was always due to the receiving company. Consequently it has questioned whether this amount represents a loss to Mrs O. I consider that this clearly does represent a loss to Mrs O. Having discussed the transfer twice with Danske representatives, the bank had confirmed that if a payment of £12,895 from Mrs O's account was converted by Danske at its rate of 1.2122, it would result in €15,632 being sent to the receiving bank. This one transaction would have paid the invoice in full.

Instead, due to the incorrect information Danske gave Mrs O, £12,895 was sent to the receiving bank in sterling. As Danske has acknowledged, the receiving bank applied its own rate to this amount, but because this was not as favourable to Mrs O, it left a shortfall in paying the invoice of €776. Mrs O then had to arrange a second transaction to pay this shortfall. Had Danske correctly assisted Mrs O to send €15,632 from her account to the receiving bank in the first transaction, the shortfall of €776 would not have occurred.

Because Mrs O has had to pay this additional amount, she has been caused a financial loss that would not have been incurred if Danske had assisted her correctly. Consequently in my view it is fair that Danske should reimburse Mrs O for the additional €776 she has had to pay

the receiving company. Mrs O has sent a screenshot that shows the payment of this additional sum, and she says that this cost her a further £672. For the reasons explained here, I consider it fair that Danske reimburse Mrs O £672.

Danske has commented that it does not appear that Mrs O paid the further €776 from her Danske account. Looking at the Danske bank statement that has been forwarded, I would agree that it appears Mrs O used a different account to pay this amount. Therefore Mrs O did not incur a second fee of £20 from Danske to make this second payment. But I note Danske has said it is willing to refund the £20 fee incurred for the original transaction. In light of Danske's error when assisting Mrs O with the transfer, I consider it fair that it refund this fee to Mrs O.

Danske has already paid Mrs O £50 for the difficulties it caused her as a result of the incorrect information it gave her about the transfer. Overall I consider this amount to represent fair compensation for the unnecessary distress and inconvenience Mrs O has been caused by Danske.

### **My final decision**

My final decision is that I uphold this complaint and require Northern Bank Limited trading as Danske Bank to carry out the following actions:-

- Pay Mrs O £672 in respect of the expense she incurred making a second payment to the company supplying her with materials to pay its invoice in full.
- Pay Mrs O £20 as a refund of the international transfer fee that she paid.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs O to accept or reject my decision before 20 August 2024.

John Swain  
**Ombudsman**