

The complaint

Mr C and Mrs C complain about an international payment made by Bank of Scotland plc trading as Halifax (Halifax).

What happened

Mr C and Mrs C wanted to make a payment in settlement of a family dispute. The payment was to be made to an account overseas.

On 22 November 2023, Mr C and Mrs C made an online payment for USD113,590.93 – the GBP amount was £92,583.69. In making the payment, Mr C input the beneficiary bank as the intermediary bank used by Halifax, and not the actual bank and account which Mr C intended to pay.

He called Halifax straight away and it was agreed that they'd take the amended details and forward these to the intermediary bank and ask that bank to change the details so the payment could be processed.

But the intermediary bank didn't do that and instead returned the payment to Halifax on 6 December 2023. Due to the movement in exchange rates, a lesser amount was returned – USD111,898.02. This wasn't credited to Mr C and Mrs C's bank account.

Halifax then made the payment again and USD111,898.02 was sent to the beneficiary on 9 December 2023. It was received safely.

Mr C and Mrs C complained that:

- Halifax hadn't acted on his instructions to amend the payment and this led to a delay in the payment eventually being made.
- Because the payment was then returned, there was a change in the exchange rate and a lower amount was received back and then later sent to the beneficiary.
- Halifax didn't tell him about the lower amount received and so he wasn't aware a lower amount would be sent.
- Mr C and Mrs C lost out on the exchange loss of USD1,692.91.
- And he suffered embarrassment – as the agreed settlement amount wasn't received.
- He later said to us that because of the delay, he couldn't complete on a property purchase in the overseas country. This caused him a loss.

Halifax said:

- When requesting the international transfer, Mr C input the details of the routing (intermediary) bank and not the beneficiary bank.

- Halifax contacted the routing bank and asked the bank to send the funds to the correct destination, but instead, the funds were returned to Halifax.
- When that happened, there was a currency conversion and the funds lost value. But as Mr C had made the error (and not Halifax), the bank said it wasn't their fault. But as a gesture of goodwill, they refunded £1,387 for the loss of USD1,698.02.
- Halifax agreed the service Mr C received fell short of their normal standards and paid compensation for distress and inconvenience of £150, plus £300 to cover Mr C's costs of calls he had to make.

Mr C and Mrs C brought their complaint to us. Our investigator thought Halifax had done enough to settle the complaint.

Mr C and Mrs C didn't agree and asked that an ombudsman look at their complaint and so it has come to me to make 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 looked into what happened here.

To clarify – when a UK bank sends a payment to a bank overseas, most banks (including Halifax) will use an intermediary bank (or 'routing bank', or 'correspondent bank'). Those banks will have branches or operations in the destination country, or nearby – as Halifax don't have branches in the location Mr C was sending money to.

It's not in dispute that Mr C made an error when he input the beneficiary bank details in the online payment.

But - he then realised this and called Halifax to check the details were correct. Halifax agreed to send the correct details to the intermediary bank and asked that bank to change them - so the payment could be completed.

What then happened is that the intermediary bank didn't do that – and sent the money back to Halifax. This caused a delay; and when the money came back to Halifax, it was for a lesser amount - as there was an exchange loss.

There are two sides to this complaint. On the one hand, it is not in dispute that Mr C put the wrong information on the online payment – and he called Halifax to try to correct that. But – it is reasonable to say that the original error was made by Mr C here.

Turning to the role of the intermediary bank, and the exchange loss. When the funds were sent back from the intermediary bank, that bank applied the current exchange rate – which had moved and which meant a lower amount was sent back. I considered this – and it's normal practice for banks around the world to do that, and in this case, this led to a difference. But here, it's important to say that Halifax can't control what the intermediary bank did – and so, in all honesty, I can't hold the firm responsible for the difference.

The terms and conditions say it is Mr C's responsibility to ensure the correct information is added to the online payment instruction. They say *"You must check the details you give us are correct before you ask us to make a payment."* The terms go on to say that if Halifax made a mistake, they will refund the full amount – but in this case, it's not in dispute that Mr

C made the original mistake and so, strictly speaking, Halifax didn't need to make good the exchange loss.

I looked at the correspondence between Halifax and the intermediary bank – and to be fair to Halifax, these show that Halifax did ask the intermediary bank to change the payment instructions, and then chased the that bank several times to try to resolve matters. So, I can see that Halifax did try to put things right. But, to a large extent, when an intermediary bank is involved, Halifax rely on that bank to make things happen.

So on the one hand, Halifax cannot be held responsible for the fact that the payment was delayed, nor for the exchange rate loss. And Halifax did try to get the intermediary bank to put things right.

And so – in the first instance, I agree that Halifax did not have to refund the exchange loss of USD1,692.91 – but in fact, the bank agreed to refund this as a gesture of goodwill (and not because they'd made an error).

But – on the other hand, the communications between Halifax and Mr C were not clear.

I listened to 13 calls (totalling at least three hours) Mr C made to Halifax (and I think there may have been more than that) – on 22 November 2023, 5 December 2023, 7 December 2023, 13 December 2023, and 14 December 2023. And from those calls I consider that Halifax didn't treat Mr C reasonably:

- He was passed between departments several times.
- He spent many hours on the phone trying to resolve matters - at last three hours.
- He was transferred to the wrong department several times. Even though he clearly asked to speak to the international payments team, this wasn't always done.
- And on that call on 5 December 2023, he was asked if he wanted to resend the payment – but he wasn't told what the amount being sent was – and therefore he wasn't aware that a lower amount would be sent.
- I haven't seen that Halifax sent Mr C a letter or email to set out what had happened and what his options were – this would've been helpful and would have put Mr C in the picture.
- Apart from the call on 5 December 2023, at no point did I hear on the calls that Halifax described clearly to Mr C what had happened, why and what his options were.

Mr C and Mrs C were dealing here with a large payment and which was in settlement of a long standing and bitter family dispute – so it's understandable that Mr C was concerned to get the payment details right, and that it was made effectively and on time. If Halifax's communications with Mr C had been better and clearer, he could've (for example) advised the beneficiary what was going on. So – I can understand his frustration and distress when things didn't go as he'd planned.

And for that, I think it's reasonable that Halifax pay compensation to recognise what went wrong with the communications with Mr C.

I noted that during our investigation, Mr C said a property completion had fallen through because of the delays. We asked him for evidence of that, but I'm not satisfied with what we

received. I also noted that on Mr C and Mrs C's complaint form - they said the payment was to settle a family dispute, not for a property purchase. I also noted that the beneficiary of the payment appeared to be a family member – so I set Mr C's claim here aside.

Halifax have paid compensation of £450: £150 for distress and inconvenience and £300 for the cost of calls made by Mr C. They've also refunded the exchange loss as a gesture of goodwill.

I need to consider if the payment of £150 is right for distress and inconvenience. The criteria for deciding such awards is set out at:

<https://www.financial-ombudsman.org.uk/consumers/expect/compensation-for-distress-or-inconvenience>

I considered whether Halifax should pay more than £150. But there is a balance to be made here – on the one hand, Mr C made the initial error with the online payment details – which led to the problems at the outset. On the other hand, Halifax didn't help him resolve matters and made errors in not communicating with him effectively and clearly.

So, I need to consider this in the round – and I think that the total package of compensation, the refund of call costs and the refund of the exchange loss, taken as a whole, is reasonable to settle this complaint.

So, while I accept that this will be disappointing for Mr C and Mrs C, I am not asking Halifax to do anymore here.

My final decision

I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C and Mrs C to accept or reject my decision before 29 October 2024.

Martin Lord
Ombudsman