

The complaint

Mr A, Mr A and Mrs A complain Citibank UK Limited failed to action an international transfer correctly.

Although this is a joint account, I will mainly refer to Mrs A in this complaint.

What happened

The facts of the complaint are well known to both parties, so I will only provide a summary of the key points.

Mr A, Mr A1 and Mrs A held a Citibank cash account.

Citibank decided to close Mrs A's account in line with its business strategy. In its closure letter it explained that the funds within the account would need to be transferred out. On 8 March 2024 Mrs A actioned a SWIFT transfer of \$239,107.24 from a Citibank UK account to an account in their name with a different provider – who I will refer to as H.

H rejected the transfer request on 18 March 2024 as funds hadn't been received. This was due to the correspondent bank – which I will refer to as B needing to carry out checks.

Citibank UK contacted B multiple times between early April and August 2024. It also contacted H to query whether it had received funds. The funds were sent back to the sending account on 23 August 2024, at which point Citibank offered to reinstate the transfer.

During this time Mrs A raised a formal complaint about the handling of the transfer and the delays she experienced. In its response dated 12 April 2024 Citibank explained that it initiated the transfer, and it was obliged to carry out checks on outgoing transfers, and on this occasion the payment couldn't be processed immediately. It explained that further checks were needed and that it was investigating the status of the transfer and would be in touch with an update as soon as possible.

Dissatisfied with this response, and the ongoing delays with their international transfer, Mrs A referred the complaint to this service. In her referral Mrs A explained this was a

An Investigator reviewed the concerns raised and made the following findings:

- Citibank UK didn't put a stop to the transfer – instead B stopped the transfer for extra checks.
- Citibank UK appear to have processed the transfer correctly and did all it could to trace funds and obtain information on the delays.
- Citibank UK are not at fault so do not need to pay Mrs A compensation.

Mrs A disagreed with the findings. She explained Citibank UK never mentioned another bank from the group was involved and it should've taken steps to return the funds immediately. It failed to provide payment tracking details and it provided inconsistent information regarding the cause of the delays.

As no agreement could be reached the complaint has been referred 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'm aware I've summarised the events surrounding this complaint in less detail than the parties involved. No discourtesy is intended by my approach which reflects the informal nature of this service. I want to assure all parties I've read and considered everything on file. I'm satisfied I don't need to comment on every point raised to fairly reach my decision. And if I don't comment on something, it's not because I haven't considered it. It's because I've focused on what I think are the key issues. My approach is in line with the rules we operate under.

Mrs A's Citibank UK account was due to close, and Citibank provided a deadline for the funds within the cash account to be transferred out. Mrs A transferred the amount held in euros without issue. However, the transfer of the amount in US dollar to H wasn't completed within the timeframe given by Citibank.

International payments will very often pass through several banks before reaching their destination. Intermediary banks are often used to action a transfer, and each one will have its own set of internal checks and requirements that need to be met in order for the funds to be processed. So although the euro transfer was completed without issue, the requirements for the US dollar transfer, which was held by B, appear to have been different.

In this case, the funds left Citibank UK and the correspondent bank – B, held the funds for additional checks. These checks include complying with international sanctions. Banks such as B have important legal and regulatory obligations it must meet when providing accounts to customers, which includes ensuring no UK or other international sanctions might be breached. Those obligations are overriding in terms of otherwise meeting general timeframes for payments to process, which means sometimes legitimate payments are sometimes delayed. The internal notes provided by Citibank UK show that the transfer was paused by B so it could carry out checks in line with OFAC – the USA Office of Foreign Assets Control. This is an organisation that administers and enforces economic, and trade sanctions based on US foreign policy and security goals.

I think it's important to highlight that once the payment instruction was given on 8 March 2024 and the funds left the Citibank UK account it entered the international SWIFT payment system. This means that Citibank UK had essentially no control over the movement of the funds. Citibank UK and B – are two separate legal entities, and this means Citibank UK didn't have access to all the information B was relying on when carrying out the checks and acting as the correspondent bank. This doesn't mean I think Citibank UK shouldn't have taken action to assist Mrs A – but I do think it's an important point to underline, as Mrs A believes Citibank UK should've returned the funds to her as soon as it realised there were issues with the transfer.

Upon reviewing the transfer B asked Citibank UK for some more details to help in its review of the transfer. This information was gathered by Citibank's compliance team and provided to B on 22 March 2024. The final checks were undertaken, and Citibank UK was informed the payment was released by B on 25 March 2024.

I can see Mrs A flagged to Citibank UK that the funds hadn't been received by H – despite the checks by B being completed. In order to assist Mrs A in tracing the funds Citibank UK sent chasers using the SWIFT messaging system. Multiple messages were sent – throughout March, April, May and June 2024 to try and establish where the funds were held and if they could be sent back to Mrs A's account with Citibank UK. Requests for information were also sent to H in an attempt to try and trace funds. I've looked at the internal notes provided by Citibank UK and I'm satisfied it took reasonable steps to try and assist Mrs A by chasing for updates repeatedly. I understand Mrs A's frustration with the delays, but I can't see that Citibank have contributed to these in any way.

The evidence I've seen shows the payment appears to have been rejected by HSBC. The exact reasons for this aren't clear, but there is reference within the messaging notes to the beneficiary details being incorrect. I can see this is one of the reasons Citibank UK provided to Mrs A for the delay, and I don't think it was wrong of Citibank UK to relay this information. Unfortunately, the internal messages don't highlight what exactly was wrong or incorrect with the beneficiary details. Citibank UK advised to re-effect the payment with the correct details, which it could only do once it had received the funds back. The funds were received back on 23 August 2024, and Citibank re-issued the payment which was received by H in early September.

Part of Mrs A's complaint is that she asked Citibank UK for a payment tracking reference so it could ask H for more details and try to locate the payment. I can see in an email dated 20 March 2024 Mrs A asks for the SWIFT UETR and the MT103 payment confirmation. Citibank UK confirms it will provide this information as soon as possible. However, I can see this information isn't provided as Citibank UK had been asked by B to gather some information regarding the account holders and provide this to assist B in its checks. In an email dated 22 March 2024 Citibank US says it doesn't know the exact reason the transfer was stopped, but that it had passed on the information B had requested. I can't see that the details Mrs A asked for were passed on after this point, and I can understand her frustration with this.

However, based on the messages Citibank UK sent through the SWIFT system I can't see that this information would've avoided the delays Mrs A was experiencing. Citibank UK sent repeated messages, with all the relevant details to chase up the status of payment but these were not responded to in any meaningful way. So, although I do think Citibank UK could've done better in its communication here, I don't consider this shortcoming a significant factor in the delays Mrs A experienced.

I can see that Mrs A's funds have been successfully received. I appreciate Mrs A believes she should be awarded compensation due to the distress caused by this complaint. To award compensation for financial loss, distress and inconvenience, I must reach the conclusion that Citibank UK did something wrong. But after carefully considering everything that's happened, I don't think Citibank UK has acted improperly.

I know this will not be the outcome Mrs A was hoping for, and she will be disappointed with the decision I've reached. But I hope my decision provides some clarity around why I won't be asking Citibank UK to compensate Mrs A.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A, Mr A and Mrs A to accept or reject my decision before 30 May 2025.

Chandni Green

Ombudsman