

The complaint

Mr D is unhappy with HiFX Europe Limited trading as XE. Mr D used XE to transfer a large amount of Australian dollars for conversion into British pounds. But the transfer didn't go through. The money appeared to be missing for a period of time until it ended up back with XE. Mr D said he lost out on an investment opportunity he was planning to take.

Mr D wants compensation for a loss of interest and the distress and inconvenience caused.

What happened

Mr D contacted XE when the money hadn't turned up in his UK account. XE said everything had gone through as it should have done. The transfer was initiated 27 June 2024 but as the money still hadn't arrived 3 July 2024 Mr D spoke to XE, and it started a trace investigation. Eventually it became clear that the receiving bank had rejected the payment. The investigation found the account number that reached the receiving bank was incorrect. The details revealed an alteration of the account number occurred in the process, but the parties struggled to work out exactly where it had gone wrong. The receiving bank said the details sent to it were wrong, but XE said the details it got from Mr D had been passed to its intermediary bank correctly too.

XE pointed to its terms and conditions. XE said these made it clear if it wasn't specifically at fault then it wasn't responsible. But it did say as a gesture of goodwill it would offer Mr D £200. It later increased the offer to £250 in an attempt to resolve the complaint. Mr D didn't accept this and brought his complaint to this service.

Our investigator upheld the complaint. He said the intermediary bank was the agent of XE and the XE investigation showed the error with account numbers took place when the process was in the hands of the intermediary bank. Our investigator said this meant the issue was XE's problem as the "*dedicated processor of the transfer*" and it needed to do more to resolve the issue for Mr D. He said as XE's third party provider and intermediary bank the responsibility belonged with XE. Our investigator said in addition to the £250 XE should pay 8% interest on Mr D's money from the date of instruction to the date of recovery.

XE didn't accept this and asked for the complaint to be passed 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.

Mr D arranged the currency transfer from Australian dollars into British pounds. XE were adamant that the transfer had gone through correctly. But the funds didn't reach Mr D's UK account. Mr D raised this with XE and after it conducted an investigation it found the payment didn't go through as the recipient bank were passed an incorrect account number.

Mr D said XE had told him it passed on the details exactly as he had provided them. So, it appears the problem occurred when it was handled by XE's intermediary bank. Mr D said XE's recipient bank didn't respond to him when he asked it directly to clarify the situation.

Mr D didn't feel XE had taken responsibility and just referred to its terms and conditions. Mr D was worried that the issue hadn't been fully investigated. Mr D said he would be hesitant to use XE in future without an assurance that whatever had caused the problem wouldn't happen again. He feels the root cause hasn't been resolved or if it has this hasn't been relayed to him. Mr D said he was without access to this large amount of money for almost a month. He said this caused him stress, financial inconvenience and repercussions in his daily life and impacted his overall wellbeing.

XE said the account details were altered by its recipient bank. XE said the recipient bank through its own investigation hadn't worked out why the alteration took place.

XE said recipient banks are not their agents and have their own processes and controls to follow. It said any errors made by recipient banks are the responsibility of that bank and not of XE. It said the problem wasn't with its own systems and controls.

XE was clear that it wasn't responsible for the error and laid out its terms and conditions:

"4.3 Bank delays and errors

Subject to the Regulations (further details concerning which are set out in clause 14), we accept no responsibility for, and will have no liability in respect of, any delay or withholding of payment by a bank or intermediary bank(s) or payment services provider(s). Delays in onward payment may be attributable to factors outside of our control, including (without limitation) bank(s) errors, omissions or delays or their failure to conduct the payment. A bank or payment services provider may also be required to (among other things) delay or withhold payment if it is not satisfied with information about you, as our client, the purpose and nature of the payment or recipient for the purposes of complying with AML and CTF Laws and / or other laws."

XE said due to the problems and delays that it wanted to offer a gesture of goodwill of £200 with no admission of fault. In a further attempt to resolve the matter rather than have the complaint come to this service XE increased this offer to £250.

It's clear that there was nothing wrong with Mr D's details when he provided them. He was expecting the process to run smoothly and was understandably perturbed when his money didn't arrive as expected. I think it was no surprise that Mr D then spent a considerable amount of time trying to interact with each of the parties involved in an attempt to recover his money.

The recipient bank established on 16 July 2024 that an alteration had occurred to the bank account instruction and the Bank Identification Code (BIC) was wrong before it was sent to the receiving bank. On 19 July 2024 the recipient bank said the transfer was returned by the receiving bank. But the tracking information said the receiving bank had returned the transfer on 28 June 2024. These issues only added to Mr D's frustration as he was getting conflicting information from the parties.

The details do show the problem wasn't with the receiving bank. And any issues and problems with the payment occurred prior to it getting that far in the process. As the provider of the service that makes XE responsible. We do consider the parties involved that XE has chosen to use become its responsibility. I understand XE feels it has the terms and

conditions to fall back on but in the circumstances that doesn't feel fair and reasonable considering the situation it left Mr D in.

I appreciate XE's efforts to try and resolve the matter with the £250 goodwill gesture in terms of the distress and inconvenience caused. I think that was a fair and reasonable offer in the circumstances. If that amount hasn't already been paid it should be paid as soon as possible.

But that doesn't account for the losses of time, interest and potential investment Mr D has suffered. I think XE should pay 8% interest from the date of the instruction to the date of its return. Mr D had placed his money to transfer with XE and it was XE's responsibility to complete that transfer on his behalf.

Putting things right

Pay 8% interest on Mr D's transfer money from the date of instruction to the date of recovery.

My final decision

I uphold this complaint.

I require HiFX Europe Limited trading as XE to:

- Pay 8% interest on Mr D's transfer money from the date of instruction to the date of recovery.

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

John Quinlan
Ombudsman