

The complaint

Mr K complains that Currencies Direct Limited made an error in processing his international payments which resulted in loss and inconvenience for him.

What happened

Mr K explains that he had been making payments through Currencies Direct to his bank account abroad without incident for a number of years using the 'SWIFT' system. But a payment he made on 27 November 2023 was returned with the explanation that the SWIFT code was incorrect. He tried to make the payment again, and this was unsuccessful too. But he was able to make a similar payment to another payee. Mr K says that as the first payment didn't reach his account a cheque he had written 'bounced' and his accounts, including a joint account, were frozen and he had to open replacements. He says that the problem arose because Currencies Direct had taken off the last three digits of the SWIFT code when making the payments.

Currencies Direct said it hadn't made a mistake. It said that the last three digits of the SWIFT code were generally not required as all the information for the receiving bank was included in the International Bank Account Number (IBAN). But it said that in light of the negative experience for Mr K that it had offered him £100 in compensation.

Our investigator recommended that it pay the £100 offered. Currencies Direct had provided a screenshot showing the payment details that Mr K had established online on 25 March 2021. And it explained that he booked the payment on 27 November 2023 by phone and asked that it go to the same payee. Currencies Direct said that the payment failed here because the SWIFT code had possibly changed, and she thought that this was a reasonable explanation. It hadn't altered the payment details that Mr K had input before. She said though that we would have expected it to contact Mr K sooner as the payment had failed. It had tried to call him on 4 December 2023, but it wasn't able to speak to him to tell him what happened until 7 December 2023. She said that the further attempted payments were too late to reach his bank account before it was frozen. She thought that Currencies Direct should pay £100 for the delay in telling Mr K that his payment wasn't successful. Currencies Direct said it had made the compensation payment to him on 8 October 2024.

Mr K didn't agree. He said that there was no evidence that the SWIFT code had been changed at his bank abroad. He said he made a successful payment to the person he owed money to abroad who banked at the same branch and used the SWIFT code with numbers ending '822' – the same one that had applied to his account. And that he had used this code to send payments to his new account at that bank too since then. Mr K said that had the details been changed then this means they'd been changed back too now, and his bank hadn't notified him of any of this. He said that Currencies Direct admitted it has removed the digits from the SWIFT code. Dealing with what happened abroad was time consuming and difficult especially as one of the accounts frozen was a joint account with a colleague. He didn't think that the compensation was sufficient and there was no acceptance of any wrongdoing by Currencies Direct.

My provisional decision

I issued a provisional decision on 16 December 2024. I said that we provide informal dispute resolution and I make my findings on relevant disputed issues on a balance of probabilities basis that is to say what I think is most likely to have happened.

I understood from the information from Currencies Direct that Mr K had made a prior successful payment to the same account on 12 June 2023. And this used the payment details stored on its system which didn't have the digits '822 in the SWIFT code. So, I didn't think there was any reason to think that the payment Mr K attempted on 27 November 2023 with those same details would fail. I had evidence though to show that it was returned as the SWIFT code was 'incorrect.'

Mr K attempted to make similar payments on 15 December 2023. I'd listened to the call recording he had with his account manager about sending those. During that call Mr K raised the issue of whether the omission of numbers '822 was the issue having noticed the discrepancy. He was told that unless his bank had explicitly told him to use these numbers then the IBAN which contained all the details would be sufficient. While I knew Mr K says that these payments would have failed because his account was frozen I could see that they were returned to Currencies Direct for the primary reason again that the SWIFT code had an incorrect format. As Mr K says he was able to make a successful payment on 21 December 2023 using the SWIFT code which he then insisted had the addition of the digits '822. I'd also listened to a prior call he had with Currencies Direct on 18 December 2023 when he indicated that this is what the overseas bank had told him had been the issue.

I didn't have direct evidence from that third party to confirm this. But rather than the explanation that the SWIFT code had changed, I thought it most likely that the overseas bank changed its process to require the numbers '822 included for a payment to the particular branch to be successful. Currencies Direct in my view should be viewed as the expert here in making such payments but I had nothing to show that it either was or should have been aware of this change on 27 November 2023 and in view of the past history of successful payments. So, I didn't consider that it was responsible for the consequences for Mr K of that payment not arriving

Mr K did though have a call with it as I said on 15 December 2023. Currencies Direct then had clear evidence from its claims team that the SWIFT code was incorrect. But instead of either looking into this or accepting what Mr K says that the digits 822 should be added it then processed two further payments which were returned with much the same error. I considered that to be a mistake and poor service which caused Mr K inconvenience.

My assessment

I didn't consider I had a reasonable basis to hold Currencies Direct responsible for the first failed payment and the consequences for Mr K for the reasons I'd given above. I did agree that it ought to have informed Mr K of this payment failure sooner. I also found that it should have made efforts to resolve matters when he called on 15 December 2023. I took into account our published guidance about compensation and in my judgement the appropriate

amount is £300, and this includes what Currencies Direct have already paid Mr K. So, he would receive a further £200 which I appreciated may still be a disappointment to him given what he says about the issues with his bank account abroad.

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.

Currencies Direct didn't respond to my provisional decision.

Mr K said that he wasn't in agreement with all of my findings. But that as I had found some fault on the part of Currencies Direct he would accept the outcome if all of the compensation were paid to him. He said he had no record of being paid £100 on 8 October 2024. He asked if there was evidence provided of this and said he couldn't understand why it would have made such a payment.

Mr K hasn't said anything further about which parts of my assessment he doesn't agree with now and why. And I see no basis to depart from the conclusions of my provisional decision for the reasons I've already given. I note that Currencies Direct emailed this service on 9 October 2024 about the compensation stating that it had *"funded Mr K's Currencies Direct wallet with £100 GBP."* I don't have any further evidence than that and I deal with this in the wording of my decision below to make clear that Currencies Direct needs to demonstrate that it has paid Mr K a total of £300.

My final decision

My decision is that I uphold this complaint and I require Currencies Direct Limited to pay Mr K total compensation of £300. It says it has already paid him £100 of this as set out above and if that is the case it needs to provide Mr K with evidence to confirm this.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 13 February 2025.

Michael Crewe
Ombudsman