

## **The complaint**

Mr T complains about a lack of transparency in relation to the exchange rate used by Lloyds Bank PLC ("Lloyds") when he made an international payment.

## **What happened**

Mr T had a current account with Lloyds. He made an international payment on the Lloyds app of 15,000 Euros to his partner's bank account abroad in November 2024. The cost to him in Sterling was £12,942.19. Following the transfer, Mr T learned that Lloyds applied a margin to the exchange rate it used, which totalled £451.68. So, Mr T complained to Lloyds about its failure to be transparent about the margin applied.

Lloyds responded to Mr T's complaint and said the margin it applied to the exchange rate was the difference between its standard exchange rate and the wholesale rate at which it buys and sells currency in the foreign exchange market. It said a margin of 3.49% had been correctly applied.

Lloyds said that when an international payment was requested on its app, the exchange rate was given up front and so consumers did not need to continue with the payment if they were not happy. It also said there was a link to more information about its standard exchange rates, fees and margins applied, along with a margin calculator.

Mr T remained unhappy and so brought his complaint to this Service. He said that as he had been a loyal customer for many years, and as the amount being transferred was significant, he thought that the exchange rate would be approximately the same as the wholesale rate on the day in question. Mr T said he did not remember being informed of fees on the Lloyds banking app or being informed of the exchange rate margin.

Mr T said that when he later tested the link provided by Lloyds to a margin calculator, it did not let him know what the wholesale rate was or the exact cost of the margin being applied. Mr T also thought he should have been informed that he could get a better rate elsewhere. He asked to be compensated for all exchange rate losses made over the past two years, over and above what he would have been charged if he had gone to other banks.

Our Investigator didn't uphold Mr T's complaint. She said that transparency about margins was maintained through various channels, including Lloyds' website, over the phone and in branches and there was also information within the terms and conditions of the account. So she didn't think Lloyds acted unfairly when handling Mr T's transaction.

When Mr T responded he said he accepted what our Investigator said about the fairness of the fee but had a question about the transparency of it. He said he had recently received an annual summary of bank charges and fees applied in the previous year from Lloyds and said this made no reference to the fees earned through currency exchange. He said this didn't feel transparent.

As Mr T didn't agree with what our Investigator said, this came to me for a 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.

The crux of Mr T's complaint is that he is concerned about what he thought was a lack of transparency on Lloyd's part regarding the margin it applied to outgoing foreign currency transactions. My role here is to look at whether Lloyds has done anything wrong or treated Mr T unfairly.

I want to first of all say that this Service doesn't have the power to tell Lloyds what exchange rate it should offer or what margin it should apply when foreign currency transfers are made. I mention this because in his complaint to us, Mr T said he expected that Lloyds would offer a competitive exchange rate given that he is a loyal customer of many years and was transferring a significant sum. But the exchange rate offered by Lloyds is a commercial decision for it to make, and not something for me to get involved in. This Service offers an informal dispute resolution service and we have no regulatory or disciplinary role. That's the role of the regulator, which is the Financial Conduct Authority (FCA).

I've seen Lloyds' terms and conditions, and these provide the following information for consumers about international currency transfers. They say:

*"When you ask us to make a payment in a currency other than pounds, we will apply our standard exchange rate at the time we make the payment, unless we have agreed a different rate with you. Our standard exchange rate includes a margin. This is the difference between our standard exchange rate and the rate at which we buy and sell currency in the foreign exchange markets. You can find our current exchange rates by logging onto Internet Banking or by calling us or asking in branch. We will tell you what the rate is before we make the payment for you."*

I'm satisfied this term is clearly worded and lets consumers know that the exchange rate applied to international currency transfers includes a margin. It also lets consumers know that they can be provided with details of the actual rates prior to a transaction being completed.

In addition to the above information being provided in the terms, and where the currency conversion is being done at the point of sending the money, I would expect a bank to provide clear information prior to each transaction about what the exchange rate will be and how much currency will be sent to the payee. Consumers can then compare prices and make informed decisions about whether they want to continue with the transaction.

It's important to note that there is no single currency exchange rate that financial institutions must track or replicate. Each institution can set its own fluctuating exchange rate for each currency. I mention this as Mr T told us there were other financial institutions that offered what he felt were more competitive rates than Lloyds and he felt Lloyds should have let him know that he could have achieved a more competitive rate elsewhere. But Lloyds does not have to match the exchange rates of other institutions or let consumers know that lower rates might be available elsewhere. As I said, what it needs to do is to provide consumers with the relevant information so that they can make informed decisions.

Having reviewed all of the information provided to me, I am satisfied that Lloyds did just that and provided Mr T with enough information about the exchange rate, the amount of foreign currency that would be transferred and any administrative fees that might apply, so that he could make an informed decision about whether to continue with the transaction or not.

I say this because Lloyds has provided evidence of the journey consumers would have taken on the banking app when making an international payment. This shows that when a consumer has entered the amount of money they want to pay, the relevant exchange rate being applied on that day and to that payment is shown. If any administrative charges are to be levied, then these are also shown.

I can see that there is also a link that lets consumers know they can get additional information about Lloyds' standard exchange rate and fee. Clicking on this link takes consumers to the Lloyds website where Lloyds provide information about its rates and margins and where consumers can also access a margin calculator. I know that Mr T felt that being taken to a link outside the application lacked transparency, but I'm satisfied that the information provided using the link was easy to access and so Lloyds did not act unreasonably by providing information about rates and margins in this way.

I can see that Mr T was also concerned that the exchange rate margin he was charged did not appear on a statement of fees that he received from Lloyds sometime after the transfer in question. When asked about this, Lloyds drew a distinction between fixed fees, such as those on the statement and the exchange rate margin. It said the statement is simply not the place to find information about the margins applied to international payments.

I can see the distinction being made here by Lloyds. The fee in the statement is an administrative charge levied for the processing of the payment, while the exchange rate margin is the mark up added to a product sold by Lloyds. I think the important issue here, as I've already said, is that the rate being applied was clearly outlined at the point of sale so that Mr T had enough information to be able to make a decision about progressing, or not, with the transaction.

So, having considered everything, I don't think Lloyds has made any errors here or acted unfairly towards Mr T as I think the information regarding what exchange rate would be provided, and that a margin applied, was accessible and provided in what I consider to be a fair, clear and not misleading way.

### **My final decision**

It's my final decision that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T to accept or reject my decision before 20 October 2025.

Martina Ryan  
**Ombudsman**