

## The complaint

Miss B complains Currencies Direct Limited (“CDL”) asked for unreasonable information as part of its compliance checks after agreeing a deal for foreign exchange to be sent to her friend overseas. And because of this she had to cancel and reverse the transaction. Miss B is also unhappy that she made a far greater financial loss on reversing the exchange than she was told she would.

To put things right, Miss B wants CDL to pay her the financial losses she has sustained.

## What happened

The details of this complaint are well known by both parties, so I won’t repeat them again here in detail. Instead, I’ll focus on setting out some of the key facts and on giving my reasons for my decision.

In February 2024, Miss B agreed a foreign exchange-based deal with CDL which saw her exchange sterling for an overseas currency. This transaction cost Miss B around £15,453 – and she made the payment that day. The next day, CDL’s compliance department asked Miss B for information about the transaction before processing it as part of its due diligence measures. Miss B was happy to answer questions about her relationship to the recipient and nature of the payment.

But later, the compliance team asked how she had met the beneficiary and that it wanted copies of her bank statements for three months. Miss B didn’t agree with sending her bank statements and found the request to be unreasonable and unnecessary. And requesting the statements wasn’t in line with CDL’s legal and regulatory obligations.

Miss B then agreed to send in her statements but that she would be redact them to protect her personal information. The following day, Miss B was informed the statements she had sent were deemed unsatisfactory by CDL’s compliance team, and the full statements without any information obscured must be provided.

Miss B wasn’t happy to do this. Miss B asked what her options were and was told if she didn’t send the statements, then the payment couldn’t be made and so she could reverse the deal and get her money back in sterling. Miss B was informed that cancelling the transaction would result in a loss of about £180 as the exchange rate had moved against her position.

Miss B agreed to this. However, when the cancellation was completed and the foreign currency exchanged back to sterling, Miss B had suffered a loss of around £280 – around a £100 more than she was quoted shortly before. Miss B says that CDL have acted in their own interests here. Unhappy, Miss B complained.

CDL didn’t uphold Miss B’s complaint. In summary, the key points it made were:

- The bank statements Miss B provided were not redacted but had been physically edited and manipulated electronically. This is materially different from redaction

- The foreign currency which had been bought by CDL was converted back to sterling at the best market rate CDL could achieve to minimise any losses to Miss B. This resulted in around a £280 loss to Miss B as compared to her initial sterling payment
- As a regulated financial firm, CDL are required to undertake verification checks for all its clients prior to commencing a business relationship to meet its money laundering obligations. As Miss B couldn't provide full details to CDL's compliance team, it couldn't complete the checks needed to meet these obligations
- A request for additional information or documents can be made at any time, either at the point of registration or during the life cycle of the account based on the circumstances of the trade at that time in line with CDL's regulatory requirements
- Miss B accepted CDL's terms and conditions and as it couldn't fulfil the contact and so breached these terms. As a result, any loss obtained by CDL from selling the funds back to the market must be absorbed by and borne by Miss B. CDL mitigated the loss to Miss B as much as possible

Miss B referred her complaint to this service. One of our Investigator's looked into Miss B's complaint, and they recommended it wasn't upheld. In summary, the key findings they made were:

- Miss B found CDL's request for information intrusive, but CDL has ongoing legal and regulatory obligations it must comply with including carrying out customer due diligence checks. To meet these obligations CDL can ask its customers to provide certain documents
- CDL's requests were understandable and in keeping with its responsibilities. CDL wouldn't be expected to set aside its requirements to process the transaction if the statements Miss B provided didn't satisfy its requirements
- Miss B decided to cancel the transaction at a loss although she was incorrectly advised the loss would be £176 instead of £280. But given the strength of Miss B's feelings about providing the bank statements to CDL, and in the absence of any other information, Miss B would still likely have cancelled the deal even if the loss of £280 was accurately explained. So CDL doesn't need to cover the loss Miss B sustained

Miss B didn't agree with what our Investigator said. I'd like to assure Miss B that I've reviewed everything she has said. In summary, some of the key points Miss B made were:

- Her complaint is not only about the financial loss she has suffered, but the way CDL has acted unfairly particularly by asking for very personal and confidential information way beyond that which would be required by the FCA under AML (Anti-Money Laundering) regulations
- If there was an issue with the transaction and/or beneficiary, this should have been raised from the beginning before a deal was made. And where is there proof that sterling weakened against the other currency. Miss B also questions why she has incurred any cost given the trade was voided, and so questions where CDL wanted to make a quick profit from here
- CDL had no basis to think the payment was suspicious. And Miss B had been vetted and onboarded already in January 2024 with ID and address checks being carried out on her. That means customer due diligence had been carried out already, and a

One exchange trade had previously been carried out.

- Miss B also says the transaction carried no AML red flags or characteristics that should have meant further due diligence was needed including the country it was destined for. Miss B adds that this country aligned with her customer profile given her nationality was the same as per her ID document
- Miss B's source of funds was from a UK bank who would have done their own due diligence and KYC (Know-Your-Customer) checks. Miss B questions why CDL would need her three months bank statements and the detail that this would provide about her banking. Miss B concealed her account balance for this reason

As Miss B didn't agree with what our Investigator said, this complaint was passed to me to decide. I then carried out further investigation by asking CDL to provide me with further information. I will now decide this complaint.

### **What I've decided – and why**

I'm very aware that I've summarised the events in this complaint in far less detail than the parties and I've done so using my own words. No courtesy is intended by me in taking this approach. Instead, I've focussed on what I think are the key issues here. Our rules allow me to do this. This simply reflects the informal nature of our service as a free alternative to the courts.

If there's something I've not mentioned, it isn't because I've ignored it. I'm satisfied I don't need to comment on every individual argument to be able to reach what I think is the right outcome. I do stress however that I've considered everything Miss B and CDL have said before reaching my decision.

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Having done so, I have decided not to uphold this complaint. I know Miss B feels strongly about her complaint, so I'll explain why.

As regulated business CDL must comply with extensive legal and regulatory obligations. It's also required to carry out ongoing monitoring of an existing business relationship. And that sometimes means CDL needs to cease or pause on payment instructions. These obligations generally cover the entire period of its customer relationship – from application to eventually the end of the relationship. This includes Know Your Customer (KYC) checks and/or Customer Due Diligence (CDD). It's worth noting these checks include not just the verification of a customer's identity but also establishing the purpose and intended nature of the business relationship and origin of funds.

It should be noted too that such checks and/or reviews can be carried out at any time through the lifecycle of the payment instruction. Facilitating the onward payment of foreign exchange will in of itself heighten the need for such regulator checks given their very nature. To be clear, there are additional risk factors a regulated business needs to consider with international payments considering its AML and terrorist financing obligations.

Having carefully considered at what point CDL asked Miss B for this information, and the specific information it asked, I am satisfied it was acting in line with these obligations. And so did nothing wrong in asking to see Miss B's bank statements.

I have listened to all the call recordings I've been given by CDL between its agents and

Miss B. I note Miss B felt strongly about not sending in her bank statements with all her banking activity viewable to CDL's compliance team. Miss B offered to redact these and send them in. I have seen what Miss B sent to CDL. And I am persuaded that they were digitally manipulated in the way CDL concluded. So, I don't think CDL did anything wrong in asking for original copies particularly as obscuring them in the way Miss B did would create suspicion as to the origin of funds.

I'm also satisfied that CDL acted reasonably in giving Miss B two options. That is, to either send the statements or rewind the deal so she would get her base currency back.

It's clear from the call recordings, and the information CDL have sent me, that Miss B was given a quote of the cost to her as the market had moved. And this cost was around £180 – but Miss B's return payment was around £280 less than her initial sum. So around £100 less than she was told.

I've had to weigh up and give careful thought here to whether this was a significant communication failing on CDL's part and whether giving a correct quote would have made a difference.

I have seen technical information from CDL which shows there was an adverse movement in the value of the reverse exchange rate. So, Miss B would have suffered a financial loss in not agreeing to send the statements and voiding the deal. The terms and conditions of Miss B's agreement also allow CDL to close out a deal without incurring any liability to her for losses as a result where circumstances like these prevail.

Having listened to the calls and reviewed Miss B's testimony, I am persuaded that she felt very strongly about giving her bank statements to CDL. So much so that I'm persuaded that had CDL said the cost to her of reversing the deal was £280, she would have most likely still carried on with cancelling down and reversing the transaction. And given CDL was doing nothing wrong in asking for this information, I think the financial loss she suffered would still have stood.

So, after weighing everything up, I see no basis in which to direct CDL to pay Miss B the amount she lost by reversing the deal. Nor to pay any compensation to Miss B for any distress and inconvenience caused.

### **My final decision**

For the reasons above, I have decided not to uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss B to accept or reject my decision before 24 December 2025.

Ketan Nagla  
**Ombudsman**