

The complaint

Miss K complains about the service she received and the exchange rate Ulster Bank ("Ulster") applied when she received Euros into her GBP sterling account with it. As a result of the rate applied Miss K says she's suffered a financial loss.

What happened

Miss K inherited some money in Euro's and intended to use the funds towards the purchase of a property she'd had an offer accepted on and was required to prove she had the funds in place to complete the purchase.

On 4 December 2024 Miss K contacted Ulster to find out what the receiving exchange rate would be for converting Euros into GBP. Miss K was told by Ulster's adviser that the sending bank would determine the rate – rather than Ulster. Miss K was confused by this as the sending bank had told her that the payment would be sent in Euros and that Ulster would determine the rate this was exchanged at and received into her account in GBP. Miss K was transferred to the travel payment department who then told her they couldn't help.

Having not been able to find any information on Ulster's website to indicate any exchange rates Miss K contacted Ulster again. The adviser suggested that Miss K use the Travel Money Calculator on its website. They explained that although the rate continues to change, the online calculator would be an accurate reflection of the rate she'd most likely receive – on the day it reflected £0.85 for every Euro.

On 13 December before transferring the funds Miss K contacted Ulster again to check whether the information given earlier was correct and if the rate reflected the European Central Bank (ECB) rate and the rate on the Travel Money section of Ulster's website. Once again, she was told that the rate would be set by the sending bank.

Unable to get a clear answer and with the need to move forward, Miss K instructed the sending bank to process the payment. Miss K says that when the payment was sent the ECB rate was indicating £0.83 for every Euro and the Travel Money calculator indicated £0.85 for every Euro, but the funds credited to her account were £32,436.22 as Ulster provided an exchange rate of £0.80 for every Euro.

Miss K called Ulster on 16 December to find out why it had applied the rate it did and raised a complaint.

Ulster acknowledged that the service it offered Miss K fell short of its usual standard but disagreed that there was anything wrong with the way the funds were converted. To compensate for the service Miss K received Ulster credited Miss K's account with £120.

Miss K was dissatisfied with this and so brought her complaint to this service.

Following this Ulster accepted that there is a lack of transparency on rates it offers online and that its indicative rates are not easily obtainable this way and that Miss K was provided with incorrect and conflicting information regarding exchange rates.

Ulster explained that customers would need to go into branch or contact its telephony team for indicative rates and that its terms and conditions say unless a payment is booked that foreign currency transfers will be converted at its prevailing rate at the time of the transaction is processed by it. Details of the exchange rate can be obtained from its foreign exchange board in its branches and on its website.

One of our investigators looked into Miss K's concerns and came to the conclusion that while it wasn't disputed that there had been a information failing on Ulster's part, in particular, and with regard to the Consumer Duty, it had failed to ensure Miss K was in a position where she was equipped enough to make an informed decision and understand the exchange rate she would get and the GBP she'd receive before entering the transaction. And so Ulster hadn't treated Miss K fairly and what needed to be decided was how to put things right for Miss K.

They thought that Miss K's financial objective was to obtain the best rate possible and that she chose to use Ulster in the transaction to receive the funds due to the long-standing relationship she had with it and because it had what appeared to be a more favourable rate than another third-party bank who she also held an account with.

They didn't think it right for Miss K to compare the exchange rate Miss K received with the rate quoted on European Central Bank's website (ECB) as this is an indicative daily rate linked to the 'interbank' exchange rate and is the price used at which banks and large institutions trade currency with each other and is not an official or guaranteed rate and unlikely Miss K could secure this rate. Furthermore, rates change quickly and all providers such as Ulster will offer different rates of exchange depending on various factors including what margin they apply – which they are entitled to do.

They thought that had Ulster followed its correct process when it used its standard exchange rate – as per its terms and conditions – when it converted Miss K's payment and that the margin applied was likely have been in the region of 3% which was comparable to the margins other high street banks applied and so didn't think this was unfair.

They thought if Ulster had given Miss K the correct information around what rate it would apply and the margin involved Miss K could've chosen a third party bank she held an account with to receive the funds instead as the margin it applied was less at 2% above the Bank of England (BoE) rate on international transfers and Miss K would've been better off than using her Ulster Bank account.

And so to put things right they recommended Ulster pay the difference to what Miss K would've received if she'd used this alternative which amounted to £320.09 as Miss K would've received £32,756.30 at a rate of 1.2267 (£0.83) as opposed to the £32,436.22 she received from Ulster.

They also recommended Ulster compensate Miss K a further £130 on top of the £120 already paid in recognition of the service provided to Miss K when she went to great lengths to get the right information from Ulster but it repeatedly failed her.

While Ulster agreed with our investigators recommendations, Miss K doesn't.

Miss K doesn't agree it is fair to use a third-party banks figures to determine an appropriate exchange rate and wants the figure quoted in its communications with her. She disputes that if she'd been given the correct information by Ulster she'd have used the third-party bank she held an account with and says she would've used the sending bank.

Miss K says Ulster gave incorrect information on multiple occasions and failed to inform her that a margin or any fee would be imposed and doesn't agree that the £250 compensation is far for the distress and inconvenience suffered and asked for an ombudsman's 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.

It might help if I explain here this service doesn't supervise, regulate or discipline the businesses we cover - that's the role of the regulator, in this case the Financial Conduct Authority (FCA). And as we are not the regulator, I cannot tell Ulster what exchange rate it must offer or the terms and conditions of its services – these are commercial decisions and not something for us to get involved with.

We do take however, relevant law and regulation into account when arriving at our decisions including, The Consumer Duty introduced by the FCA and which came into effect on 31 July 2023.

And having considered everything – and I know this will come as a disappointment – I'm in agreement with our investigator and I don't think there is anything much more of use I can add.

It is not disputed that Ulster has failed to provide Miss K with all the information she requested and ensure she understood all the information it provided her with and that she was put in a place where she could make an informed decision about whether she wanted to use Ulster and its exchange rate to receive her funds into her bank account with it.

Ulster failed on numerous occasions to correctly inform her who set the exchange rate – Ulster or the sending bank – and where she could find out the rate that would be used or that there would be a fee or margin charged on top of this.

So I don't need to make a finding here. What I need to consider is what would be a fair way to put things right for Miss K. Usually I'd seek to put the consumer – Miss K - back in the position they would've been in if the mistakes hadn't happened. And I may award compensation that I think is fair and reasonable.

But it's not possible to say for sure what position Miss K would be in had Ulster done everything right, as I can't say what Miss K may or may not have done had this been the case as there are just too many variables. So instead, I need to think about – based on the information available - what would've likely happened had Ulster properly informed and equipped Miss K with all the information she needed to decide on whether to go ahead with the transaction with it and would that be a fair and reasonable outcome.

And I'm in agreement with our investigator that Miss K's motivation was to get the best exchange rate available with a reputable bank who she trusts in a timely manner as the funds she wished to exchange were intended for a property purchase and there was some urgency in the matter.

Miss K has told this service that she chose Ulster as it is her main banking institution for over 10 years and at the time of the exchange that she had done some light research into rates with her alternative bank and that she decided to go with Ulster as it was offering the better rate.

So if the overall cost (including any margin uplifts and fees etc) was cheaper at Miss K's alternative bank and Miss K would be financially better off, I think it would be fair and reasonable to conclude that Miss K would've likely gone with this as an alternative. It was a bank she already had a relationship with and for practical purposes the transaction would be straightforward and completed in a timely manner.

Miss K says had she had known she wasn't getting the exchange rate as advertised on the calculator she would've used the sending bank to exchange and send her Euros. I accept that other banks might have offered even better rates and had Miss K done more research she could've found this out. But my decision is based on what I think likely would have happened without the benefit of hindsight and the fact that Miss K went ahead with Ulster despite not getting a clear answer on what rate she'd get suggests to me the matter was time sensitive and that Miss K wasn't inclined to do any further research.

Miss K doesn't believe it is fair to use her third-party bank's figure to determine the appropriate exchange rate and that she should be given what Ulster promised in its communication on the travel money calculator. But as our investigator explained that even if the rate set out on the travel money calculator or ECB was used this doesn't take into consideration the margins applied to foreign currency transactions across the banking industry as a whole and it wouldn't be fair to expect Ulster to waive this.

Our job isn't to punish or penalise banks for their behaviour – as stated above that is the role of the FCA. And it isn't the aim of this service to assist customers to benefit from a bank's mistake which would be the case here if the exchange rate as per Miss K's request was used, without any fees or margins applied, as it would likely put her in a position she couldn't ever be in and she'd benefit from Ulster's mistake.

And so on this basis I think that to put things right for Miss K and put her in the position she'd be in if Ulster had done everything right Ulster should pay the difference to what Miss K would've received if she'd used her alternative bank which amounts to £320.09.

I'm also in agreement that Ulster should compensate Miss K a further £130 bringing the total compensation to £250 for the inconvenience and distress this matter caused. Miss K had to spend more time than was necessary trying to get what should've been a clear answer from Ulster about the exchange rate used and was consistently provided with incorrect information resulting in her not receiving the funds she was expecting. I appreciate Miss K doesn't think this is enough, but this is in-line with what I'd usually award in situations like this and I'm not persuaded an uplift on this is warranted.

My final decision

For the reasons I've explained, I uphold Miss K's complaint against Ulster Bank and direct it compensate Miss K a further £130 and £320.09 representing the likely financial loss she made.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss K to accept or reject my decision before 5 August 2025.

Caroline Davies
Ombudsman