

## **The complaint**

Mr R and Mrs T complain about the amount of money they received when making an international payment from another bank to their account with TSB Bank plc. They said they received poor customer service, and the exchange rate was high.

## **What happened**

In early February Mr R and Mrs T attended their TSB branch multiple times to ask about receiving an international payment into their TSB account. They asked about hidden charges and whether any third parties were involved in the transfer process.

The branch staff provided Mr R and Mrs T with a booklet but suggested they called the finance customer service department if they wanted more information.

Mr R and Mrs T did this. They asked about whether any third parties were involved in the process and whether there were any hidden charges. The call handler explained that no third parties were involved. A fee of £7 would be charged because the payment was more than £100. They also confirmed that the exchange rate changed hourly, so they'd get the rate applicable at the time.

On 14 February 2025, Mr R and Mrs T received an international payment into their TSB premier account. The amount sent was €141,468 and once converted into GBP the amount received was £114,237.26. Mr R and Mrs T thought the exchange rate was going to be about 1.20 as opposed to 1.2383. This meant they got about £3,500 less than they thought they were going to get. They complained.

TSB responded and agreed that the information provided in branch could've been better, particularly around incoming international payments. But they did not think they'd done anything wrong when processing the transaction or applying the exchange rate. They agreed to pay £50 compensation for the poor service received in branch.

Mr R and Mrs T remained unhappy and brought their complaint to this service. One of our Investigators considered the matter. They thought TSB had acted in line with their terms and conditions and applied their standard rate when processing the incoming payment, as opposed to the mid-market rate which is what Mr R and Mrs T thought they were getting. They also explained that TSB apply a margin to the transaction – but that this was in line with other comparable high street banks. They did however think the service provided in branch could've been better and thought £50 paid by TSB was fair in all the circumstances.

Mr R and Mrs T disagreed. They said the exchange rate and margin was excessive and they would've used a different bank to receive the payment had they known. Because an agreement couldn't be reached, the complaint has been passed to me to consider.

## **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's not our service's role to tell a business to change its processes. But we must consider whether a business has acted fairly and reasonably in all the circumstances of a complaint, taking into account rules, regulations, industry guidelines and best practice at the time the event took place.

Mr R and Mrs T have stated that they expected to receive £3,500 more after the payment was converted, which is likely to be due to information found about market rates online. As the Investigator has already explained, websites tend to show a daily, indicative exchange rate, which will usually be linked to what the financial industry refers to as the 'interbank' or 'mid-market' exchange rate.

Such rates are usually the price at which banks and large institutions exchange currency (usually at high volumes) with each other. But the rates found on these websites are not 'official' or guaranteed rates and currency exchange rates can change from minute to minute. So, what's really being shown is a snapshot of the approximate market rate on the day in question.

TSB hasn't provided the spot rate obtainable for them on the day of exchange, but it has confirmed that a margin of 3.3% was included in the exchange rate. I've reviewed multiple sources and found that the Bank of England spot rate for 14 February 2025 was 1.2007. I've also found that on average 1.1992 was the lowest rate for that day and 1.2026 was the highest.

As rates fluctuate constantly throughout the day, I'm unable to state the exact spot rate used for the payment as the rates would range between the highest and lowest figures stated above. However, I can see that if a 3.3% margin was applied in order to reach the exchange rate of 1.2383, a spot rate of 1.198742 GBP to EUR would have been used as the base rate for the conversion. As this is within the highest and lowest market rates for 14 February 2025, I think it's more likely than not that 3.3% was the margin applied to this payment. A fee was also taken from the incoming payment, but there's no dispute about this.

*Is it fair and reasonable to apply a margin?*

When a bank carries out a customer's instructions to initiate a currency exchange there are often operating costs involved – this could include its own administrative costs as well as the costs that other banks in the transfer chain incur and pass on to the receiving bank. The bank may also factor an element of profit into the exchange rate it passes on to the customer. And as the Investigator explained, the difference between the rate the bank gets and the rate passed on to its customer is often known as a "margin".

TSB's website and their account terms and conditions provide an explanation of the currency conversion process, and this includes that the exchange rate they use includes a margin. And, as I've already noted, a margin of 3.3% was added to the base spot rate when TSB carried out the currency conversion for Mr R and Mrs T.

I understand Mr R and Mrs T's concern that a margin was applied and that they might have been able to get a better rate from another provider. But TSB wasn't required to provide the best exchange rate, it was only required to provide fair value. Our research also suggests 3.3% is comparable to the margins that other high street banks would apply to a transaction of this amount.

Overall, I think the bank acted fairly and in line with the account terms and conditions when it carried out the currency conversion. So, I can't fairly instruct the bank to pay the £3,500 loss

Mr R and Mrs T has claimed.

*Were Mr R and Mrs T provided with sufficient information?*

It isn't in dispute that the branch staff could've been more helpful when Mr R and Mrs T asked about receiving an international payment into their account. I think it would've been reasonable for the branch staff to have referred Mr R and Mrs T to the team that deals with international payments to provide them with the information they were seeking. Instead, Mr R called TSB's customer service finance department.

I have considered whether Mr R was given accurate information during this call. Mr R asked if any third parties were involved in the transaction and whether there were any hidden charges. The advisor confirmed that there was no third party involved and he went on to explain that there might be some charges from the sending bank – but it depends on whether they absorb these, or whether they share them with the customer. However, he explained that the sending bank would need to confirm that. The advisor confirmed that a £7 fee would be charged by TSB to complete the transaction and that Mr R and Mrs T would get TSB's exchange rate on the day, but that the rate changes all the time, so he couldn't say what it would be.

I don't think Mr R asked any specific questions about whether a margin would be applied or how TSB decides their exchange rates – he was mainly enquiring about whether third parties were involved. As such, I think the advisor answered the questions he was presented with accurately and didn't need to go into detail about the margin that TSB applied to these types of transactions.

Alternatively, had Mr R and Mrs T looked on TSB's website they would have found an explanation about the margin that was included in the exchange rate that they use. So, I'm satisfied that information was available to enable Mr R and Mrs T to decide whether they wanted the payment to be received into their TSB account or whether they wanted to use an alternative service with another provider.

TSB has paid £50 to reflect the poor service Mr R and Mrs T received in branch and the lack of information provided. Taking everything into account, and the fact Mr R and Mrs T had to then call the finance department, I think this is fair in the circumstances and don't require them to do anything further.

### **My final decision**

For the reasons I've explained above, I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R and Mrs T to accept or reject my decision before 5 February 2026.

Rachel Killian  
**Ombudsman**