

The complaint

Ms L is unhappy with the exchange rate used by Lloyds Bank PLC (Lloyds) for an international payment received in Singapore dollars (SGD) and with the information they provided when she asked about it.

What happened

In mid-June 2024, Ms L received a payment of 98,227.83 SGD into her account. It was converted by Lloyds on 20 June 2024 to £55,903.38 at an exchange rate of 1.7571 GBP to SGD, a £7 fee was deducted, and the account was credited with £55,896.38.

In early July 2024, Ms L called Lloyds to ask for details about the payment, but she wasn't provided with clear information about the amount received or the exchange rate applied. Over the next few months, Ms L complained about the service provided in the call and that she wasn't happy with the amount received after the currency conversion.

Lloyds provided multiple final responses. In summary, they agreed that the initial call in July wasn't handled well and paid £50 to Ms L's account. But they thought the correct exchange rate was used when converting the incoming payment and the 2.36% margin included in the rate was in line with their terms and conditions (Ts & Cs).

Ms L remained unhappy, so she referred the complaint to our service stating that she'd lost around £1,500 due to the exchange rate applied. An Investigator reviewed the complaint and said the bank had acted fairly and in line with the account terms and conditions when it converted Mr L's money. However, they didn't think £50 recognised the impact of the service issues, so they recommended a further £100 compensation.

Lloyds accepted the Investigator's opinion, but Ms L disagreed as the compensation didn't cover her losses. As such, the complaint has been passed to me for a final 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.

I can see that Ms L feels strongly that she's been treated unfairly by Lloyds. While I may not comment on everything that's been raised, I've still taken it on board. I'll be commenting on the points that I think are key to the outcome.

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.

Ms L has stated that she expected to receive £1,500 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' exchange rate. Alternatively, it might also be called the wholesale rate, mid-market rate or spot rate. Such rates are usually the price at which banks and large institutions trade currency (usually at high volumes) with each other. But the rates found on these websites are not 'official' or guaranteed rates and, in reality, 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.

I can see that Lloyds used a spot rate of 1.7166 for the basis of the exchange rate, and having compare this with other rates shown online, it seems to be reflective of the mid-market rate on that day. A 2.36% margin was added to that spot rate, bringing the total exchange rate applied to the incoming payment to 1.7571. A £7 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".

Lloyds' 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 2.36% was added to the base spot rate when Lloyds carried out the currency conversion for Ms L.

Lloyds has also explained that they have a tiering process in place, which means that Ms L was provided with a reduced margin due to the size of the transaction. This isn't something that all high street banks do and suggests a link between the size of the payment and the costs involved in completing the transaction and currency conversion.

I understand Ms L's concern that a margin was applied and that she might have been able to get a better rate from another provider. But Lloyds wasn't required to provide the best exchange rate, it was only required to provide fair value. Our research also suggests 2.36% 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 £1,500 loss Ms L has claimed.

Was Ms L provided with sufficient information?

I haven't seen anything to suggest that Ms L sought information about Lloyds' currency conversion process before she received the payment. If she did, she would have found that the Ts & Cs explain a margin is included in the exchange rate that they use, and their website includes information about the margin that would apply depending on the size of the payment. So, I'm satisfied that information was available to enable Ms L to decide whether

she wanted her payment to be received into her Lloyds account or whether she wanted to use an alternative service with another provider.

Ms L contacted Lloyds after the transaction was received to request more information about the payment, and I agree that the service provided to her in this call was below the standard we'd expect to see. The call was handled by a team that didn't have the required knowledge about Lloyds' currency conversion process, resulting in unhelpful and incorrect information being provided to Ms L which would have led to frustration and confusion.

I can also see that errors were made in correspondence sent to Ms L after this call which would have caused further confusion about the way the transaction was handled. As such, I agree that a further £100 should be paid to recognise the impact of the poor service provided to Ms L.

My final decision

My final decision is that I uphold this complaint in part and direct Lloyds Bank PLC to pay Ms L a further £100 compensation, bringing the total compensation to £150.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms L to accept or reject my decision before 9 October 2025.

Chris Lowe
Ombudsman