

The complaint

Mr S is unhappy with the exchange rate applied by Bank of Scotland plc trading as Halifax ('Halifax') when they converted an incoming Euro payment. He doesn't think it's in line with the information on their website and it's led to a loss.

What happened

Mr S' sister sent him a €30,700 payment from their bank in Germany which was intended to be a loan as he was purchasing property. They did this in branch after receiving advice from their own bank that Halifax would use the mid-market rate to convert the payment to Pounds sterling. The payment was received on 10 February 2025 and converted at an exchange rate of 1.238200 GBP to EUR which resulted in a £24,285 credit to Mr S' account.

Shortly after, Mr S complained to Halifax as he expected to receive £25,000 based on the mid-market rate at the time and the information on their website. He was unhappy that the exchange rate applied by Halifax included additional costs. Halifax responded to the complaint explaining that a 3.11% margin was applied to the mid-market rate in line with their processes and they thought that the correct exchange rate had been provided.

Unhappy with this, Mr S referred the complaint to our service as he wanted Halifax to refund the cost of their margin. An Investigator reviewed the complaint and thought Halifax's website explained that a margin was included in their exchange rate which Mr S should have seen. They added that it's common practice for a margin to be applied and it's within the range of other businesses, so they didn't uphold the complaint.

Mr S wasn't satisfied with this response as a professional from the sending bank looked at Halifax's website and didn't see the section about the margin. He thought that it was highlighted on the website that no fees were applied which was misleading, and that it's an unfair practice that banks are applying a margin within their exchange rate – which our service should intervene in. 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 Mr S feels strongly that they've been treated unfairly by Halifax. 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 dictate industry practices or to tell a business to change its processes as that's the role of the regulator (Financial Conduct Authority). 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.

Information about the margin

Mr S has highlighted the information available on the webpage titled '*Receive money from outside the UK or in a foreign currency*', this is the key section of their website that relates to receiving international payments, so I've reviewed this in detail.

The first section of the page includes a link stating '*No Halifax fee for payments in euros from within the EEA or UK.*' Clicking this link or scrolling down the page would take Mr S to a section titled 'Let's take a closer look'. This lists multiple drop-down headings including one about fees that apply and one about exchange rates.

The wording in the fee section does support what Mr S has said as it specifies that there are 'no fees for payments in euros received from within the UK, EEA or via SEPA credit Transfer' but it also explains that payments received will be converted to pounds at 'our standard exchange rate'. I think that this would lead someone to believe that the mid-market rate wouldn't be applied.

The next section titled 'Exchange rates' explains that 'our standard exchange rate' includes a margin, it also provides a margin calculator with a detailed explanation of how the margin affects the payment. A box can be ticked to provide a table with details on how the margin changes based on the size of the transactions.

It seems that only a small section of Halifax's webpage about receiving international payments has been reviewed, as the whole page includes clear detail about how they decide their exchange rates. After reviewing this, I'm unable to see why someone intending to find out the exchange rate applied by Halifax would choose to review the section about fees and not the section titled 'Exchange rates' which was directly below it.

I appreciate that Mr S has stated that his sister received advice from their bank, but I think Halifax has made sufficient information available on their website. It wouldn't be fair for me to hold them liable if a user of the website chose not to explore the appropriate sections of the page and I don't think these sections are hidden. It also wouldn't be fair to hold them liable for the advice provided by another party.

The 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. The difference between the rate the bank gets and the rate passed on to its customer is often known as a "margin".

I understand Mr S' concern that a margin was applied and that they might have been able to get a better rate from another provider. But Halifax wasn't required to provide the best exchange rate, it was only required to provide fair value. Our research also suggests that 3.11% 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 loss Mr S has claimed. I also think sufficient information about Halifax's currency exchange process was available to enable Mr S and his sister to make an informed decision about how they wish to send the payment. Mr S' sister may wish to complain to their bank about the advice they received.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 29 December 2025.

Chris Lowe
Ombudsman