

The complaint

O, is a limited company, who is represented by its director Mr B. He is unhappy with the exchange rate he received from Lloyds Bank PLC (Lloyds) when making international transfers from O's business account. He says the exchange rate he received was unreasonable and disproportionate to the spot rate of the day.

What happened

On 30 June 2025, Mr B made three international payments from O's business bank account. Each payment incurred a fee of £15, and the exchange rate applied at the time of the transactions was 1.14.

Mr B was unhappy with the exchange rate and fees that applied – he complained to Lloyds.

Lloyds responded to Mr B and explained that the £15 fee that is applied to the international transfer is outlined in the terms and conditions of the business account. They also checked the exchange rate that was applied at the time of the transfers and were satisfied that the right exchange rate was applied. They explained that the exchange rate changes hourly and so it might've been different to what he thought he was going to get – but they were satisfied they hadn't done anything wrong. They also explained that they add a small margin on top of the market rate, which is dependent on transaction size.

Mr B remained unhappy and referred his complaint to this service. The investigator considered the matter but also didn't think Lloyds had done anything wrong. In summary they were satisfied that Lloyds had acted in line with their terms and conditions when applying the fees and they thought Mr B was made aware of the exchange rate that was being applied to the transfers he made on 30 June 2025. He was also satisfied Lloyds applied the correct exchange rate at that time.

Mr B disagreed – he said the exchange rate applied was disproportionate and unfair compared to other businesses. He couldn't understand why it wasn't closer to the market rate.

Because an agreement couldn't be reached, the complaint was passed to me to decide.

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 issued my provisional decision on this matter in November. I said the following:

'I'm aware that Mr B's main concern is not that a fee was applied to the transactions, or that he didn't get the exchange rate he thought. Rather that he thinks the exchange rate that was available to him through Lloyds was disproportionate to the spot rate of the day.'

I have considered Mr B's concerns as part of my review, but I have also considered

the fees that were applied.

Fee's applied

I've reviewed the terms and conditions of O's accounts and looked at the information that is made available on Lloyd's website. I'm satisfied it is made clear that when completing an international payment via internet banking, a fee of £15 is applied. So, I'm satisfied this information was made clear to Mr B ahead of completing the three international transfers he made on behalf of O in June 2025.

Exchange rate compared to the spot rate

The exchange rate that was applied to the three transactions Mr B made was 1.14. Mr B complains that this isn't competitive and is disproportionate to the spot rate of that day.

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.

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. 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".

Lloyds' website and their business account terms and conditions provide an explanation of the currency conversion process, and this includes that the exchange rate they use includes a margin. Lloyd's website explains that a standard margin of 2.60% is added to the base spot rate when Lloyds carry out the currency exchange for business banking transactions of £25,000 or less. This information is detailed clearly on the website under business banking, international payments, FX margin. So, I'm satisfied that if Mr B had looked online, he would've been aware of this ahead of making the transactions.

I understand Mr B's concern is that the exchange rate was disproportionate and that he 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 suggests 2.60% 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 international payments Mr B instructed it to do on behalf of O. So, I can't fairly ask the bank to pay the loss Mr B says O has incurred.'

Lloyds responded and confirmed they accepted my provisional decision. Mr B, on behalf of

O did not respond. As the deadline for responding has now passed, and there are no further comments to consider, I see no reason to depart from my provisional decision. Therefore, I adopt my provisional decision in full as part of this final decision and I do not require Lloyds Bank PLC 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 O to accept or reject my decision before 13 January 2026.

Rachel Killian
Ombudsman