

The complaint

Mrs C complains that Bank of Scotland plc trading as Halifax misrepresented the fees chargeable in foreign exchange transactions.

What happened

On 15 July 2023 Mrs C made a payment to a merchant for 432.60 Euros. The amount was converted to Sterling at an exchange rate of 1.146568 amounting to £377.30.

Mrs C contacted Halifax to query the exchange rate. She believed she'd been charged an additional £1.80 when the transaction was converted from Euros into Sterling. She said she'd received a letter in July 2016 referring to her credit card which stated that there were no foreign exchange fees for using the card anywhere worldwide.

Mrs C said that the platform providers exchange rate included a foreign exchange fee and complained that the representation made in the letter of July 2016 was misleading. She said that Halifax should make it clear in its terms and conditions that the platform providers exchange rate includes a foreign exchange/administration fee.

Halifax didn't uphold the complaint. In its final response it said that if a transaction was carried out in a currency other than Sterling, it would be converted into Sterling at the exchange rate set by the relevant payment scheme. Halifax said that exchange rates may change, and that the exchange rate on the day of the transaction may differ from the exchange rate used when the payment is converted.

In a further final response, Halifax corrected the identity of the platform provider referred to in its earlier response and made a payment of £15.00 without any admission of liability for the inconvenience caused to Mrs C in calling to get clarification of the exchange rate. Halifax said that no foreign transaction fee had been charged.

Mrs C remained unhappy and brought her complaint to this service.

Our investigator didn't uphold the complaint. They said Halifax's offer of an apology and the compensation paid was a fair outcome.

Mrs C didn't agree. She said the Halifax literature only referred to the providers exchange rate and not their fee. She said that Halifax should make it clear that the providers exchange rate includes a fee. Mrs C said her complaint that there has been a misrepresentation hadn't been properly addressed.

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.

The essence of Mrs C's complaint is that she believes that foreign exchange fees are hidden in the exchange rate provided by the platform used to carry out the exchange. She says that the information provided to her previously about foreign exchange fees was misrepresented.

Halifax has looked at the transaction which Mrs C entered in July 2023 and has confirmed that no foreign exchange fee has been charged. It has said that if a foreign exchange fee had been charged, this would be outlined on the statement as a separate transaction.

Mrs C has said that the platform exchange rate wasn't as favourable as the rate she saw when she checked online. I understand the point that Mrs C makes. However, exchange rates can change multiple times throughout the day. The rate applicable to transactions on Mrs C's card is the rate used by the platform provider on the date when the payment is converted from one currency to another. The difference identified by Mrs C isn't a foreign exchange fee but is instead as a result of the difference between the exchange rate used by the platform and the exchange rate which Mrs C looked at online.

Halifax has explained that Mastercard charges it a currency conversion assessment of 20 basis points (0.20% of the transaction) for performing the currency conversion. The conversion fee is set by Mastercard itself and can be changed by Mastercard at any time. Therefore, this isn't something which is covered in Halifax's terms and conditions. What is covered in Halifax's terms and conditions is that the exchange rate is set by the relevant payment scheme.

I've reviewed all of the available information and I haven't seen anything to suggest that there are foreign exchange fees hidden in the exchange rate provide by the platform. So, I'm not persuaded that there's been a misrepresentation.

Halifax has acknowledged that it accidentally referred to the platform provider as Visa (as opposed to Mastercard). It apologised for this error in the final response letter, which I think was a fair resolution to this aspect of the complaint.

Mrs C has said that Halifax closed her complaint without addressing the specific complaint she raised. Looking at the final response letters, I think Halifax has addressed the points raised by Mrs C. I appreciate that Mrs C wasn't happy with the response, and I understand that she feels that her complaint was closed prematurely. However, having reviewed the call recording when Mrs C called to complain, she does confirm at the end that she's happy to close the complaint. So I can't fairly say that Halifax closed the complaint prematurely.

Taking everything into account, I'm unable to uphold the complaint.

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs C to accept or reject my decision before 26 February 2024.

Emma Davy
Ombudsman