

The complaint

Mr S complains that Citibank UK Limited didn't provide the service it should have in regard to a transfer he made from his investment account to his foreign currency account.

What happened

Mr S made a transfer of AUD 49,980 to his AUD Citibank account. He says that Citibank then withheld a sterling equivalent to the transfer as it said although the funds had been credited to Mr S's account the money hadn't arrived. Mr S said that he had provided the correct payment instructions, and this was a repeat payment between accounts, and he hadn't experienced issues previously. Mr S said that Citibank didn't provide a timeline of when his money would be credited and that he wasn't able to get in touch to discuss the issue due to phone calls not being answered or transferred and his complaint not being followed up.

Citibank issued a final response to Mr S's complaint raised in February 2023. It said that the payment had been credited to an incorrect account and not Mr S's foreign currency account due to incorrect details in the payment advice. It said the relevant department was chasing the incorrect account ops team and the funds would be credited as soon as they were received. It didn't accept it had made a mistake and said it had operated in line with its terms and conditions.

Our investigator upheld this complaint. He didn't think that the issue with the payment was due to any error made by Mr S and said that Citibank had made repeated errors in regard to the transaction. He said a hold was placed on Mr S's account and that Citibank asked Mr S to transfer money back for the hold to be removed and despite assurances that this was the correct approach there were further problems. Given the issues, our investigator said Mr S had been deprived of his money for 270 days (being from 1 September 2022 until 14 August 2023, excluding the period when Mr S had the funds in his account from 13 April 2023 to 29 June 2023). He recommended that Citibank pay Mr S 8% interest for the 270 days as well as £500 for the distress and inconvenience he had been caused.

Citibank didn't agree with our investigators view. It said AUD 49,980 was credited to Mr S's account on 7 September 2022. Due to an error in the format of the payment instruction the funds were misrouted and held in an account maintained by Citibank Australia and were returned to the remitter. It said the money credited to Mr S's account on 7 September 2022 was utilised by him and as it hadn't received the cover funds and Mr S's AUD account didn't have sufficient funds it put a hold on Mr S's sterling account for the equivalent amount of the transfer. It said Mr S wasn't without this money at any time and as he used the money credited to his AUD account it didn't believe he had experienced a direct loss.

Citibank said that Mr S initiated the transfer on 29 June 2023 for AUD 49,980 to settle the payment and remove the hold on his sterling account, but this was rejected due to the account being in block status and the money was returned to him on 8 August and reached his account on 14 August 2023.

My provisional conclusions

I issued a provisional decision on this complaint. My conclusions are set out below.

I can understand why Mr S is frustrated by the experience he has had when trying to transfer money to his AUD account. I can see that he had made several transfers to the account from his investment account (held with a different bank) and so there was no reason why an issue would have arisen with this transaction.

The information provided through this complaint hasn't always been clear but based on the evidence provided I have the following timeline of events.

- 7 September 2022 – Mr S transfers AUD50,000 from his investment account and Citibank received AUD49,980 on the same day. Citibank has confirmed that any fees were deducted prior to it receiving the money.
- 6 December 2022 -Citibank places a hold on Mr S's sterling account as the cover funds hadn't been received.
- 13 April 2023 – Citibank returns AUD49,980 to Mr S's investment account.
- 29 June 2023 – Mr S attempts the transfer of AUD 49,980 again.
- 8 August 2023 – Mr S's transfer is rejected, and the money is sent back to Mr S's investment account.
- 14 August 2023 – Mr S receives the returned funds in his investment account.

Citibank has said that when the money was transferred on 7 September 2022 it was credited to Mr S's account and that Mr S was able to utilise this money. Therefore, at this time I do not find that Mr S had been disadvantaged in anyway or that he missed out on any opportunities that he had intended to use the money for.

Citibank has explained that there was an error in the format of the payment instruction which resulted in Mr S's money being misrouted. Because the money didn't reach his AUD account (to cover the money he had been able to utilise) and because Mr S didn't have money in his AUD account to cover the cost, Citibank placed a hold on an equivalent amount in Mr S's sterling account on 6 December 2022.

Citibank initially said that the money subject to the hold was earning interest during this period but has since explained that Mr S's sterling account is a non-interest bearing account. So, while I accept that Mr S wasn't without the money (as it wasn't withdrawn from his sterling account but put on hold) the hold status meant that he wouldn't have been able to make use of this money had he wished to.

Mr S's investment account was credited with AUD49,980 on 13 April 2023 and so, while the hold was still in place he was no longer disadvantaged by this. Mr S attempted to transfer the money to Citibank on 29 June in order to get the hold released from his sterling account, but this was rejected and the money returned to him (received on 14 August 2023).

Given the issues with the transfers I can understand why Mr S didn't wish to go through this process again and I note Citibank's comment that the money has now been debited from his sterling account to offset the outstanding amount.

Based on the above Mr S wasn't able to access his money (£26,638.51) due to the hold on these funds from 6 December 2022. However, between 13 April and 29 June 2023 he had equivalent money returned to him and access to this and likewise this money was available to him from 14 August 2023. Based on this I think it fair that Mr S is paid interest of 8% simple yearly for the money on hold for the periods of 6 December 2022 to 13 April 2023 and

29 June 2023 to 14 August 2023 to reflect that he was without access to this money during these periods.

Additional to the loss of access to his money, the issues with Citibank have caused Mr S distress and inconvenience. Having looked through the information provided I find it clear that Citibank hasn't provided the service it should have. The initial problem with the payment instruction was due to a mistake made by Citibank. It then applied a hold to Mr S's sterling account without informing him why. As this was applied months later I can understand this was confusing. It then took time for the money to be returned to Mr S and following this he was told to resend the money for the hold to be removed but the money was once again returned. Our investigator recommended that Mr S be paid £500 for the distress and inconvenience these issues had caused and I agree this is reasonable.

Mr S agreed with provisional decision and noted that as his Citibank account was still frozen the payment would need to be sent to his other bank account.

Citibank said that further points needed to be considered as part of the decision. It said that:

- Mr S was never deprived of funds for the period of 6 December 2022 to 13 April 2023 since the amount of £26,638.51 which was held by Citibank had already been withdrawn by Mr S previously. As such Mr S had full use of the funds albeit with another bank whilst the funds were on hold in Citi.
- The funds which were transferred to Mr S's Citibank account on 29 June 2023 were returned to him on 10 July 2023.

Citibank said it believed that a fair compensation was for Citibank to be responsible for 8% simple yearly interest on (AUD 49,960) £26,638.51 for the period of 29 June to 10 July 2023 when the funds were returned. Along with £500 compensation for the trouble and upset caused by the returned payment.

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 have considered the information that has been provided in response to my provisional decision. I note that compensation of £500 for the trouble and upset Mr S was caused has been agreed. The outstanding point is regarding the interest on the funds Mr S was transferring. I have considered Citibank's comments but, in this case, while Mr S was able to make use of the money he initially transferred, a hold was then placed on other funds which Mr S had in a non-interest bearing account. While there was a period of time when the equivalent funds were returned, I think, as I set out in my provisional decision, it fair that Mr S is compensated for the period when he couldn't access his money due to the hold being in place.

Based on the evidence provided, the hold was put in place on 6 December 2022 and the funds were returned to Mr S on 13 April 2023. Therefore, I find it reasonable Mr S receives 8% simple yearly interest on £26,638.51 for the period of 6 December 2022 to 13 April 2023.

Mr S then returned the funds on 29 June 2023. Citibank has said it then returned these funds to Mr S on 10 July 2023. I have looked again at the situation with Mr S's funds from this time and I can see that the transfer he made on 29 June was rejected and it was requested he make this again. Citibank provided evidence of the funds being returned to Mr S on 8 August but as Mr S didn't receive these until 14 August, I find it reasonable that he receives 8% simple yearly interest on £26,638.51 for the period of 29 June 2023 to 14

August 2023.

In conclusion, while there is conflicting and unclear information involved in this case, I think the redress I have set out provides a fair resolution to the unique circumstances that gave rise to this complaint.

Putting things right

Citibank UK Limited should:

- Pay Mr S 8 % simple yearly interest on £26,638.51 for the periods of 6 December 2022 to 13 April 2023 and 29 June to 14 August 2023.
- Pay Mr S £500 compensation for the distress and inconvenience he has been caused.

My final decision

My final decision is that Citibank UK Limited should take the actions set out above in resolution of this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 19 February 2024.

Jane Archer
Ombudsman