

The complaint

Mr T complains that Citibank UK Limited failed to correctly transfer a payment for him. He'd like the payment returned, and compensation for the impact.

What happened

Mr T had a Russian bank account and he wanted to convert his Roubles into US Dollars. He was advised by a staff member at Citibank to open a Roubles account with Citibank and this would allow him to convert his funds to US Dollars.

On 3 March 2022 Mr T opened an account with Citibank.

However, after doing so Citibank advised him that they'd stopped converting Roubles to US Dollars.

Mr T spoke with his relationship manager who advised him it might be possible to convert his Roubles via another bank, I'll call J. Bank J would purchase US dollars, and via a correspondent account, with a bank I'll call S, they'd exchange Roubles.

After this advice, on 31 March 2022 Mr T instructed Citibank to transfer 23.5 million Roubles to Bank J. On 4 April 2022 Citibank asked Mr T further questions about the transfer. However, the attempt was delayed due to compliance checks within Citibank. Mr T complained and Citibank accepted the transfer experienced internal delays, so offered Mr T £75.

Throughout the rest of April and May 2022 Mr T contacted Citibank for an update on whether his funds had been successfully sent to Bank J – and to try to find out why. On 10 May 2022 he asked Citibank to cancel the transfer, and pay his account with the equivalent amount of US Dollars.

Citibank advised him they couldn't do this, and explained that the transfer had been blocked by US Sanctions. They informed Mr T to gain access to his funds he'd need to make contact with the Office of Foreign Assets Control (OFAC) to obtain a licence.

Mr T wasn't satisfied with Citibank's response, so complained to our service. He appointed a representative, however for ease I'll refer to all comments as though they come from Mr T himself.

One of our Investigators looked into Mr T's complaint. Firstly they informed Mr T that we didn't have the power to consider some of his complaint – specifically the complaint point about the delay in Citibank attempting the transfer. That's because the referral rights for this complaint point had expired. Mr T accepted this.

Our investigator considered Mr T's other complaint points. Having done so they thought Citibank had acted fairly in following relevant sanctions that Bank S were subject too. They did however think Citibank had misinformed Mr T about being able to convert Roubles to US dollars via Citibank and Bank J. But, they didn't think this had a significant impact on Mr T,

so didn't award any compensation.

Mr T responded to say he didn't accept our Investigator's recommendations. He however confirmed that he'd been granted a licence via OFAC and was in the process of getting his funds returned.

He raised the following points:

- The sanction our Investigator referred to wasn't active until 7 April 2024, so it shouldn't have prevented Mr T's transfer.
- If an Executive Order was in place preventing Mr T making the transfer from Citibank to Bank J then as per the FCA's principles Citibank had a responsibility to let him know. If they'd done so he wouldn't have attempted the transfer, and therefore been without his funds.
- He'd like compensation of 8% interest on the funds withheld from 13 April 2022 until the funds were returned. Plus 38,143 dollars in legal fees.

As Mr T didn't accept our Investigator's view it's been referred 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.

Having done so I've considered what Mr T is primarily unhappy about. I'm aware that his arguments have changed slightly throughout his complaint – but I'm satisfied he's mainly unhappy that Citibank failed to facilitate his transfer, and conversion, from Citibank to Bank J. Which then led to his funds being withheld and him requiring an OFAC licence to release them.

Blocked transfer:

I've firstly considered whether Citibank acted fairly when failing to successfully make the transfer to Bank J. Mr T first instructed Citibank to make the transfer of 2.5 million Roubles on 31 March 2022. I've reviewed OFAC's designated persons list for information to see if any of the banks in the payment chain were impacted by sanctions at the time of the attempted transfer. I understand Mr T will find this disappointing but I'm satisfied they are. I say this as an Executive Order, preventing any activity involving Bank S, was effective from 26 March 2022. That's five days *prior* to the attempted transfer date. For this reason I can't say Citibank acted unfairly in blocking the transfer – they have legal and regulatory obligations, including relevant sanctions, that they need to follow.

Customer service:

In response to our Investigator's view Mr T argued that if an Executive Order was in place then this should have been shared with him – and if it had been he wouldn't have attempted the transfer. I've considered this argument. And I agree he was misinformed on at least two occasions by Citibank about their ability to convert Roubles to US Dollars. However within the conversations I've seen I can't see any indication Mr T has specifically asked whether the payment is subject, or will be prevented by, sanctions. I appreciate that Mr T thinks Citibank had a responsibility to inform him of the Executive Order, but I'm afraid I can't agree this is the case. All sanctions are publicly available and on reviewing the contact between Mr T and Citibank I think the business did everything it could to try to successfully facilitate

Mr T's transfer of funds from Roubles to US Dollars.

After considering Citibank's actions in misinforming Mr T about it being possible for his funds to be transferred from Roubles to US dollars, I've considered the level of inconvenience Mr T experienced. I understand this will disappoint Mr T, but I don't think the level of inconvenience he experienced was significant. I say this as I can't see that Citibank misinforming Mr T prevented him from being able to convert his funds into US Dollars – that's because whether or not Citibank told him it was possible Bank S wasn't allowed to complete the conversion. And Mr T hasn't advised our service, or provided evidence, of an alternative option available to him which meant the transfer was possible elsewhere.

For the reasons I've outlined above I won't be asking Citibank to do anything further.

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T to accept or reject my decision before 5 April 2024.

Jeff Burch
Ombudsman