

The complaint

Mrs F complains Santander UK Plc did not correctly transfer money to an account overseas.

At times, Mrs F's husband has made representation on her behalf. But, for ease, I will refer to all submissions as having come direct from Mrs F.

What happened

Mrs F went into branch in March 2023 and asked Santander to transfer £80,000 to a Sterling account she held with a bank in Turkey. But she says Santander, wrongly, exchanged the money into Turkish Lira and it ended up being paid to a different account to the one she had specified. Mrs F complained and explained that she was planning on converting the money into Turkish Lira gradually over time, as her needs permitted. And the bank's actions meant she had lost out on roughly £6,600 due to them converting the entire sum to Turkish Lira before transferring it.

Santander said that there had been no bank error as they sent the money to the account details provided by Mrs F, in the currency she requested. Mrs F remained unhappy, so brought her complaint to our service.

I reviewed the complaint, gathered some additional information, and issued a provisional decision. I've reproduced the findings from my provisional decision below.

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

My decision focuses on what I consider to be the key points of the complaint and what I consider to be a fair and reasonable outcome. So, I'd like to assure both parties that if I haven't mentioned a specific point or gone into the same level of detail as they have, that doesn't mean I haven't carefully considered all submissions that have been made.

I'm currently minded to uphold this complaint in part – I'll explain why.

Mrs F's instructions

It's not in dispute that Mrs F went into branch to get help transferring £80,000 to an overseas bank account. What is in dispute is which currency Mrs F instructed the money to be sent in and where the money ultimately ended up.

The destination account

Santander says they followed Mrs F's instructions and got her to check (both prior to transfer and after) that the transfer instruction they took from her contained the correct recipient account details. Mrs F agrees that the details she gave Santander were correct and that was where she wanted the money to be sent.

But, having compared the account details provided on the transfer instruction with the account details showing on a statement Mrs F has more recently provided, I can see that the destination account details (the IBAN numbers) do not match. The IBAN given on the transfer instruction was missing one digit – IBANs should be 26 characters long, but the one quoted was only 25 digits. It's arguable that Mrs F should have picked up on this at the time and subsequently. But I also don't understand how or why Santander's international transfer team didn't pick this up when it was processing the transaction. I'm somewhat surprised that the payment was even allowed to be authorised on the computer system when only 25 characters had been inputted.

Mrs F has provided clear evidence to show the money was not received into the account that she had told Santander to pay it to. Instead, the money ended up in another account in her name. Mrs F has recently provided confirmation which shows she held the intended account jointly with her husband.

What's missing from this case is a clear audit trail which shows how the money ended up being paid into that other account. I have asked Santander, more than once, to provide full details of how Mrs F's transfer was completed. They have failed to do so, blaming the other banks that were involved in the transfer. I accept that sending and receiving banks will often use one or more intermediary banks to complete international transfers. But in my experience, the sending bank (Santander in this case) ought to be able to obtain and provide the evidence I've asked for.

Where evidence is incomplete and matters are in dispute, my role is to make a decision based on the balance or probabilities – that is, what I think is most likely to have happened – keeping in mind everything I've seen and have been told by both parties. And, fortunately in this case, I think I'm able to make a decision without all of the evidence I have asked for.

From all the evidence that Santander and Mrs F have provided about the transfer, and given what I know about international payments, Santander would have provided more than just Mrs F's account IBAN when it sent the money. It's clear the money ended up with the correct Turkish bank and it seems more likely than not that it chose not to simply return the payment because the IBAN was one digit short. If it had done so, this would have resulted in Santander having to convert the money back into Sterling before crediting it to Mrs F's UK Sterling account. Instead, it seems likely that the Turkish bank searched their customer records, located Mrs F accounts and paid the money into her Turkish Lira account rather than converting it into Sterling and paying it into the Sterling account. From what I've seen, Mrs F had no involvement in this process and contacted the Turkish bank when she logged into her online banking facility and saw the money was in a different account to the one, she had designated on the transfer form.

Of course, Santander can't be held responsible for the Turkish bank's actions. But the point I must make here is that the money got to the correct bank despite the missing IBAN character and I think it's more likely than not, had the money been sent in Sterling it would have ended up in the correct Sterling account. So, what remains for me to consider is the currency conversion issue.

The currency conversion

As I've already noted, Mrs F says she wanted the money to be sent in Sterling, but Santander says she asked for the money to be converted to Turkish Lira.

The general terms and conditions for current and savings accounts published in July 2023 say "If you want to make a foreign currency payment, we'll convert the amount in pounds sterling into the foreign currency you want to send using our exchange rate on the date we

make the payments. We'll give you detail of the current exchange rate (and our fees) when you ask us to make the payment." Mrs F's transfer took place in April 2023, so it pre-dated the currently available terms and conditions by two months. But I currently have no reason to think that the terms and conditions that were in place in April 2023 said something significantly different to the July 2023 version. If they did then Santander should provide a copy of the earlier terms and conditions when it responds to this Provisional Decision.

With this in mind, I note the transfer payslip and screenshots of Santander's systems (which they've explained would have been shown to Mrs F in branch), shows the Debit Amount as "80,000.00 GBP" and the Transfer Amount as "TRY 0.00".

Santander says this means the debited amount would have been sent in Turkish Lira and this would have been clear to Mrs F. But I believe any reasonable person reviewing this information would presume that the funds being transferred would be £80,000 in Sterling and not in Turkish Lira. There is a clear 'nil' amount next to Turkish Lira and no details here (or in the bank's notes) of an exchange rate being discussed despite the terms and conditions saying the current exchange rate would be confirmed when the payment request was made.

Mrs F has also provided evidence which shows the intended account was a Sterling account which had been open for some time. She also tells us she'd sent money to that account in the past and the statements she's sent us seem to support this assertion. So, I have no doubt that if the bank had started talking about conversion rates that she would have stressed that she wanted the money to be sent in Sterling. Mrs F has also maintained throughout the course of her complaint (initially with Santander and then with us) that she asked for the transfer to be sent in Sterling. In the circumstances, I think it's more likely than not Mrs F instructed Santander to transfer the amount in Sterling.

So, based on everything I've seen – I don't think Santander followed Mrs F's instructions. I appreciate Mrs F (and Mr F) are also unhappy with how Santander have looked into their complaint and that at different points Santander appeared to have admitted fault before retracting responsibility. I've taken all this into account when thinking about how things should be put right.

Putting things right

When we find that a bank has made a mistake, we need to work out how to put things right and that usually involves assessing what the consumer would most likely have done differently, but for the bank's mistake. But we also expect consumers to take steps to mitigate any losses that might be caused by a bank's mistake

For the reasons I've explained, I'm satisfied Mrs F asked for her money to be transferred to her account in Sterling, but Santander didn't follow this instruction. I have no reason to doubt Mrs F's assertion that if this mistake hadn't been made, she would have kept the money in Sterling and gradually moved it into Turkish Lira over time, as and when she needed it. And I cannot know now what exchange rate Mrs F may get in the future.

I also can't ignore that Mrs F seems to have realised relatively quickly that the money had been converted to Turkish Lira and ended up in the wrong account. And I think it's arguable, if she had concerns about the money being in Turkish Lira then she could have transferred it back into Sterling to mitigate any future losses. The loss – if any – suffered by the erroneous conversion would have been crystallised at that point. Mrs F would have then remained free to pursue Santander for this amount and move the money gradually into Turkish Lira as and when required, and as per her original plan. Instead, five days after the transfer (on 8 March 2023), she moved the money into a savings account with her Turkish bank.

With this in mind, I've looked into the mid-market exchange rates and if the money Mrs F received had been converted back to Sterling on 8 March 2023, then Mrs F would have ended up with (not including any fees) £80,815 rather than the £80,000 she expected to receive – so a potential profit of £815. So, I think if Mrs F had taken reasonable steps at this time she may have actually profited from the conversion rate on that day.

I appreciate the exchange rate for Turkish Lira has since fallen considerably but all exchange rates can fluctuate over time. I also recognise when Mrs F raised her complaint with Santander in April 2023, the exchange rate at that time would have meant she would have had a rough loss of £6,070. But as I say, I think Mrs F could (and arguably should) have taken steps on 8 March 2023 to mitigate her losses. So, I can't fairly hold Santander responsible for her not doing so.

But overall, I think Santander's mistake caused Mrs F unnecessary inconvenience. The money was not received into the account that she had requested, and she's had to arrange for a new savings account to be set up to transfer the money to. In addition, Mrs F has had countless interactions with the bank trying to get to the bottom of what has happened here. And the bank's failure to properly get to grips with this case and/or deal appropriately with some of our information requests has also mean this complaint has taken longer to resolve than it should have.

So, I'm also currently minded to instruct Santander to award Mrs F £300 compensation in recognition of the distress and inconvenience this matter has caused her.

Santander accepted my provisional decision and agreed to the recommendation to pay £300 compensation to Mrs F.

Mrs F agreed with some of my points, primarily that Santander hadn't sent the money in the currency she requested. However, she remains unhappy and said the following, in summary:

- The advisor in branch inputted the IBAN into the computer system before she pressed the keypad to activate the transaction and they confirmed this three times before doing so. She doesn't understand why the payment wasn't returned given the missing digit.
- She feels that I've apportioned some blame to the bank in Turkey, when they had nothing to do with the initial transaction.
- Neither she or her husband have a legal background and were unaware they needed to mitigate their losses.
- She had to fly to Turkey to speak with her bank about this matter. Then on her return she raised a further complaint with Santander – she's explained as the complaint was ongoing, she didn't think to change the monies back.
- She's incurred costs including £25 CHAPS fee for the transfer which was done wrongly. Along with getting documents translated into English.
- She disagreed with the suggested level of compensation overall when she's done nothing wrong and explained the impact this has all had on her mental health, retirement and marriage.
- Santander had admitted fault on a number of occasions before retracting responsibility and they repeatedly called her a liar.
- She's asked what penalties Santander will incur for the error.

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've carefully considered the further points made by Mrs F, but I've not been presented with any further evidence or arguments that have caused me to depart from the conclusions in my provisional decision. I appreciate this will be disappointing for Mrs F, but I'll explain my reasoning why.

The digit that was missing from the IBAN was a zero in a run of zeros. So, I can well understand why this wasn't easily identified despite the bank checking the IBAN with Mrs F a number of times. But, as my provisional decision outlined, I think both Mrs F and Santander could have picked up on the incorrect IBAN sooner. And having been provided with limited information from the intermediary bank, it's unclear why the transaction was allowed to proceed. But, as I've already said, it's possible Mrs F's bank in Turkey made the decision to accept the funds despite the missing digit. I have no power to consider the actions of the Turkish bank. So I must make my decision based on what actually happened. And it's clear to me the money Santander sent ended up with the right bank and in an account owned by Mrs F, albeit not in the currency she requested.

I've taken on board Mrs F's comments about not being aware that she should have mitigated her losses. However, she's provided evidence to show that she was in communication with her bank manager in Turkey and was able to instruct the monies to be sent to a new savings account which the manager was able to arrange to be set up. So, whether Mrs F was aware that she should mitigate her losses or not (and as outlined in my provisional decision, on that date, there would have been no losses from converting the monies back to Sterling), I feel at that point she made a decision as to what to do with the money, when it had ultimately arrived at the intended destination. And she could, in the alternative – for example, if she was worried about holding the money in Turkish Lira – have converted the money back to Sterling and sought to reclaim any losses from Santander.

I don't doubt what Mrs F has said about this matter having been distressing for her and Mr F and I've already taken into account the back and forth with this complaint with Santander and the lack of information and overall clarity that has been provided. That's why I've recommended compensation in this case to recognise the unnecessary distress and inconvenience Mrs F has been caused because the money wasn't sent in the currency she requested.

Mrs F has asked what penalties Santander will incur as a result of the error. However, it isn't the role of our service to fine or punish a business where a mistake may have been made. My role in this case has been to assess the complaint and decide what I think is fair and reasonable in order to put things right.

My final decision

My final decision is that Santander UK Plc should pay Mrs F £300 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs F to accept or reject my decision before 2 October 2024.

Laura Davies
Ombudsman