

# Correspondent bank error in an international transfer

Topic: **Payment transactions** Case number: **2023/06**

The client transferred US dollars from her account at a South American bank to her US dollar account in Switzerland. Her account at the recipient bank was credited with 616 US dollars less than she had expected. The client tried unsuccessfully to resolve the matter with the recipient bank in Switzerland and then contacted her bank in South America, which in turn referred her back to her bank in Switzerland. Annoyed by this situation, the client turned to the Ombudsman. The latter contacted the recipient bank and asked it to help clarify the situation, even if it was not directly responsible. The steps taken by the recipient bank then revealed that one of the correspondent banks involved in the transfer had made a mistake by changing the US dollars into Swiss francs without such an instruction having been given, so that a new change into US dollars was necessary at the recipient bank. This led to the loss complained of. The correspondent bank acknowledged the error and transferred the missing amount almost in full to the client's account.

The client had used e-banking for her transfer order to send 20 000 US dollars from her account at a South American bank to her US dollar account at a bank in Switzerland. The client then discovered that only 19 384.02 US dollars had been credited to her account at the Swiss bank. The client then complained twice to the Swiss bank and asked it to credit her the amount of 616 dollars, which was the difference between the money transferred from her account in South America and the money received in her account in Switzerland. In its replies to the client, the Swiss bank essentially claimed that it had received the amount from the intermediary bank in Swiss francs and therefore had to convert it into dollars. She also pointed out to the client that in a case like hers, it was up to the sender bank to make inquiries with the correspondent banks.

In her request for mediation, the client informed the Ombudsman that she had also contacted the South American bank several times and had therefore made considerable efforts to resolve the situation on her own. According to the client, the sender bank had assured her, with reference to the relevant documents, that the amount had been transferred to the correspondent bank in dollars. The South American bank also claimed that it was unable to provide her with any further information. It therefore asked the client to clarify the situation with her bank in Switzerland. With regard to the bank in Switzerland, the client claimed that it had not provided her with any documentation regarding the asserted receipt of the Swiss franc amount. She was of the opinion that the recipient bank should have the authority to object to the error at the correspondent bank. The client had the impression that the two banks, her bank in South America and the one in Switzerland, were blaming each other. Although the Swiss bank was not directly responsible for the situation, the Ombudsman decided to intervene. He asked her to contact the other banks involved in the transfer and thus help resolve the case in the client's interest.

The Swiss bank then contacted its correspondent bank, which in turn contacted the second intermediary bank involved in the execution of the transfer. The investigations revealed that the second intermediary bank had changed the transferred US dollars into Swiss francs without a corresponding order. The bank acknowledged its error and transferred the calculated loss of USD 580.98 to the client's private account. As a result, a total amount of 19 965 US dollars of the 20 000 US dollars transferred was credited to the client's Swiss account.

There was still a difference of USD 35 between the amount transferred by the client and the amount

she finally received in her account after the Ombudsman's intervention and the steps taken by her bank in Switzerland. The Ombudsman explained to the client in this regard that if, as in the present case, a transfer is made with the standard option "shared costs" (SHA), the fees of third parties, such as fees that a correspondent bank might charge, are to be borne by the recipient of the transfer and are therefore deducted from the amount transferred. The recipient bank has no influence on this deduction.

The client was very happy with the outcome of the case and warmly thanked the Ombudsman for the resolution he had helped to achieve and for the explanations he had given her.