

Exchange rate for a foreign payment

Topic: **Payment transactions** Case number: **2020/04**

The client instructed the bank via e-banking to transfer an amount in a foreign currency to a beneficiary abroad, debiting his Swiss franc account. In e-banking, an exchange rate appeared for the necessary currency exchange, which was described as indicative. On the following day, the client was able to see in e-banking the exchange rate actually applied by the bank for the transaction, which was considerably less favourable than the one he had been informed of on an indicative basis. Since there were no significant fluctuations in the exchange rate of the currency in question against the Swiss franc during this period, the client complained to his client advisor. The client advisor informed him that the indicative exchange rate was the middle rate of the previous day, to which the bank's margin had to be added, and refused to accommodate him. The customer then submitted the case to the Ombudsman. The ombudsman recommended that the customer use the bank's internal complaints procedure. The client later informed the Ombudsman that the bank had refunded him the difference in full.

In the Ombudsman's view, the problem in the present case was that the bank gave an indicative rate for the currency exchange that the client intended to make and failed to inform the client on what basis the rate to be actually applied would be calculated. The Ombudsman understood that, for reasons of practicality, the bank used a rate from the previous day as a basis. The client also was aware that the rate charged to him for the transaction could still be subject to currency fluctuations compared to the rate given as an indication. However, since according to the concurring statements of both parties there had been no significant changes in the exchange rate between the two relevant currencies during the period in question, the client did not see why he was charged a significantly worse rate.

This was the case because the bank in e-banking shows an exchange rate of the interbank market of the previous day for the indicative exchange rate and not a rate which it actually uses vis-à-vis the clients. Even on the previous day, it would not have carried out the currency exchange at this rate, but would have added a margin. This was not apparent to the customer. He showed no understanding for this procedure and felt that he had been somewhat ripped off. The Ombudsman understood this and recommended that he submit his claim for reimbursement of the difference to the bank's management. The client followed the recommendation. A short time later, he informed the Ombudsman that the bank had fulfilled his claim. However, this had only been done as a gesture of goodwill. In the matter itself, the bank had not shown any understanding and had considered its process to be lawful and sufficiently transparent. Both the client and the ombudsman took a different view and were convinced that other clients would take offence, which has since been proven to be the case. The ombudsman's only task is to mediate in concrete disputes. If he sees that a certain procedure regularly leads to difficulties, he points this out to the bank. However, he has no authority to issue directives and therefore cannot enforce adjustments that he considers desirable.