

Loss due to currency exchange in the case of a payment rejected by the beneficiary bank

Topic: **Payment transactions** Case number: **2021/04**

The clients had to transfer an amount of around EUR 40,000 to their bank account in Portugal. In the e-banking of their Swiss bank, they entered a payment in EUR for which they debited their CHF account. For the crediting of the transfer, they indicated the account which their Portuguese bank held for deposits in CHF at another Swiss bank. The latter immediately rejected the payment, as it generally did not accept such large payments in EUR to the Portuguese bank's CHF account held with it. The clients' bank exchanged the amount originally exchanged from CHF to EUR back into CHF and credited the result back to the clients' account. The two currency exchanges reduced the amount credited by around CHF 1,500 compared to the original debit. When the clients complained, the bank refused to accommodate them and referred them directly to the Ombudsman. In the course of the ombudsman proceedings, the bank waived its income from the two currency bills and repaid the clients CHF 750.

In the reply letter to the customers, the bank advised them to settle the matter directly with the Portuguese beneficiary bank and referred them somewhat hastily to the Ombudsman. The latter asked the bank for a precise explanation of the difference of CHF 1,500 between the debit and the re-credit of the client's account. The bank explained that it was the difference between the selling and buying rates of the EUR against the CHF. Both rates were absolutely in line with the market. It had not made any errors in processing the payment and had had to change the EUR amount into CHF after it had been rejected by the payee's Swiss bank and credit it back to the clients' CHF account, as they did not have an EUR account with it. However, in view of the customers' obvious mishap, the bank was prepared, as a gesture of goodwill, to waive the margin to which it was entitled on the currency exchanges, which represented its income from such transactions. It repaid the customers CHF 750. The Ombudsman recommended that they accept the bank's offer. The clients followed the recommendation and the Ombudsman closed the case.