

From: [REDACTED]
To: forex@accc.gov.au
Subject: [REDACTED] charges \$10,000 for foreign exchange
Date: Monday, 8 October 2018 9:38:38 PM

Hi,

I am writing to complain about [REDACTED] which charged me a fee of \$10,000 for effecting a riskless and instantaneous electronic foreign currency conversion.

The circumstances of my complaint are as follows:

1. on 16 December 2015, US time, [REDACTED] sent USD 145,895.03 from the US to my Australian [REDACTED] account;
2. the proceeds were exchanged from USD to AUD by [REDACTED] on 17 December 2015.;
3. my [REDACTED] account was credited with AUD 191,840.93, meaning [REDACTED] exchanged my USD currency at the rate of AUD/USD 0.7605 - this is consistent with the notation on my account;
4. this exchange rate adopted by [REDACTED] is egregious as the rate closed at 0.72261 on 16 December (US time) and traded in the range of 0.71750 to 0.72792 during the day - it had not been at 0.76 since the 2nd of July 2015 – 17.5 months earlier;
5. if [REDACTED] had used the market close rate of 0.72261 (which was close to the least favourable rate on the day), I would have received \$201,900.10;
6. by using some made up rate, determined at the absolute discretion of [REDACTED] without reference to market rates, [REDACTED] has in effect, charged me \$10,059.17 (or 4.99% of the spot amount transmitted) for the transaction - that is outrageous and not the sort of treatment I, being a long term [REDACTED], would expect;
7. there was no physical cash exchanged so the bank took no risk on the exchange rate moving against it;
8. the exchange was an electronic transfer which would have been bundled and effected instantaneously;
9. the exchange was a riskless and costless transaction for the bank;
10. as the rate set by the bank was out of the money, it made \$10,000 on this transaction;
11. to make this on a risk free electronic transfer, effectively charging me 5%, is outrageous and abhorrent;
12. my complaints to the bank were not satisfactorily addressed;
13. at one point, the bank attempted to justify the rate by referencing the retail exchange rate where physical cash is purchased, and issued by the bank, thereby the bank takes currency risk on that cash – this flawed rationale misses the point of a large, risk free, instantaneous, bundled electronic transaction;
14. on 2 May 2016, a representative of the bank telephoned me:
 - a. interrogating the source of the exchange rate set out in my complaint and challenging the integrity of that information - I advised that it was extracted from IRESS, a financial markets trading software provider which reports currency and share trades by date and time - I also reported that it could be sourced from Bloomberg.com;
 - b. repeated that the rate used in my transaction was unilaterally determined by the bank without reference to prevailing market rates; and
 - c. attempted to extract a compromise from me but when I refused, offered me \$1,500 to settle the dispute - I rejected this amount as it unfairly represents 14.6%

of the amount claimed by me and would result in the bank retaining 85.4% or \$8,785.74 of my money for a riskless and costless transaction - this unjust settlement offer reinforced the bank's unethical and caviller attitude;

15. when I had no satisfaction from [REDACTED] I informed the bank that I would complain to the Financial Ombudsman Service (FOS). [REDACTED] scoffed at this and said I would not succeed in my complaint. Unfortunately, FOS said "We cannot consider dispute";
16. more recently, following the establishment of the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry, I raised my complaint again with [REDACTED]. The bank's response was:
 - a. to say "criteria used to determine these rates is commercially sensitive information". This obfuscation is outrageous and beggars belief as it has absolutely no reference to market rates nor risk the bank took in this transaction. It is simply code for egregious fee gouging and looks like [REDACTED] has learned nothing and the apologies following the Royal Commission are hollow lip service;
 - b. to note my previous unsuccessful complaint to FOS and refer me again to FOS;
 - c. to refer me to the Royal Commission; and
 - d. restate its previous unsatisfactory offer of settlement; and
17. it is disappointing that greed and fee gouging still persists in the bank, despite the interim findings of the banking Royal Commission and the consequent negative reputational damage.

I trust you agree that:

1. the implicit fee charged by the bank was egregious and abhorrent; and
2. [REDACTED] failed to deal fairly with me.

If you wish to clarify any aspect of this complaint, please do not hesitate to reply to this email, or alternatively, contact me on [REDACTED]

Regards,

[REDACTED]