

Dear Firm contact,

We are writing to you regarding our concerns about potentially misleading marketing used by firms offering currency transfer services.

The use of the interbank rate in marketing

We are concerned with how some firms are using the interbank rate in currency converter tools, on their websites, and in other promotional and marketing material.

Some firms may be using the interbank rate in a misleading way. For example, we are concerned that currency converter tools may give consumers the impression that the rates shown (based on the interbank rate) are available to them, rather than the materially inferior rate which they may actually receive. Other forms of marketing, such as press and leaflet promotions, often also refer to the interbank rate in a similarly misleading way, so that consumers may be given the impression that superior rates based on the interbank rate are available to them.

Relevant legal and regulatory provisions

Firms undertaking currency transfer businesses should be aware that they must comply with their obligations under the Consumer Protection from Unfair Trading Regulations 2008 ('the CPRs'). The CPRs prohibit unfair commercial practices, including commercial practices which are misleading actions or misleading omissions. Banks conducting such business must also comply with our financial promotions rules in chapter 2 of the [Banking: Conduct of Business sourcebook](#).

The Price Indications (Bureaux de Change) (No 2) Regulations 1992 ('the PIRs') may also apply if a firm, acting in the course of business, indicates a willingness to buy foreign currency from, or to sell foreign currency to, consumers in exchange for sterling and in doing so gives exchange rate indications. Firms should be aware of their need to comply with the PIRs, where relevant. They should also be aware of the publication, '[BIS guidance for foreign exchange providers: compliance with consumer protection legislation](#).'

Firms should also ensure that their marketing complies with the requirements of other regulators, particularly the UK Advertising Codes enforced by the Advertising Standards Authority.

Although we refer to specific examples of misleading practices in this communication, we would be concerned by any other misleading practice or omission with regards to firms' marketing or other communications.

Firms should take legal advice where necessary.

Savings and 'better rates' claims

In addition to misleading use of the interbank rate, we have seen firms claiming that consumers can make specified savings and achieve better rates by using their services, rather than those of their competitors. Firms should only make such claims if they are

not misleading for the purposes of the CPRs and our financial promotion rules (as applicable).

FCA authorisation

Payment institutions are entitled to make factual statements about their regulatory status as set out in Part 5 of the Payment Services Regulations 2009 (see Annex 3 to the FCA's document '[The FCA's role under the Payment Services Regulations 2009: our approach](#)').

Payment institutions should not, however, in breach of the CPRs, state or imply that they have the approval or endorsement of the FCA.

Banks should, of course, comply with the General Provisions section of the FCA Handbook, which contains similar provisions.

Next steps

Firms should review their marketing materials to ensure they are not misleading in this, or any other, respect for the purposes of the provisions referred to in this communication.

The provisions outlined in this communication do not affect any ongoing work by other regulators.

If we consider that firms are not acting in accordance with our expectations, we may take action – including supervisory and/or enforcement action.

Yours sincerely



Karina McTeague
Director of Retail Banking Supervision