HIDDEN FEES
UNITED KINGDOM
What’s the purpose of this report?

According to the Cross-Border Payments Regulation, onshored in the UK post-Brexit, providers need to inform a customer “prior to the initiation of the payment transaction, in a clear, neutral and comprehensible manner, of the estimated charges for currency conversion services applicable to the credit transfer”.

This report shows that despite these rules, banks still hide the bulk of the cost of a transfer in an inflated exchange rate. The rate they offer their customers is much worse than the rate you see on Google.

In addition, domestic payments in GBP cannot be cheaper than the corresponding payment to EUR. This resulted in most providers making GBP-EUR payments ‘free’ (i.e. no upfront fee), while still charging both an upfront fee and an exchange rate mark-up for payments to non-EU countries. You’ll find the payments flows for GBP-EUR payments as well as GBP-USD, to showcase the difference.

In conclusion, there are two consumer problems:
- Fees hidden in inflated exchange rates
- Comparison based on received amount is impossible for payments to non-EU countries as the upfront fees are added on top of the sent amount, inflating received amount.
GBP → EUR
£ → €
Are banks in the United Kingdom transparent about their fees?

Sending 1,000 GBP → EUR

<table>
<thead>
<tr>
<th>Company</th>
<th>Markup</th>
<th>Markup fees</th>
<th>Transparency rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>NatWest</td>
<td>2.5%</td>
<td>£24.75 hidden fee</td>
<td>Poor</td>
</tr>
<tr>
<td>BARCLAYS</td>
<td>2.75%</td>
<td>£31.20 hidden fee</td>
<td>Ok</td>
</tr>
<tr>
<td>LLOYDS BANK</td>
<td>3.6%</td>
<td>£35.46 hidden fee</td>
<td>Ok</td>
</tr>
<tr>
<td>HSBC</td>
<td>3.7%</td>
<td>£36.63 hidden fee</td>
<td>Poor</td>
</tr>
<tr>
<td>TSB</td>
<td>2.9%</td>
<td>£29.19 hidden fee</td>
<td>Poor</td>
</tr>
<tr>
<td>Starling Bank</td>
<td>0%</td>
<td>No fee</td>
<td>Good</td>
</tr>
</tbody>
</table>
NatWest

Sending 1,000 GBP → EUR

- 2.5% exchange rate mark-up still isn’t communicated as a cost.
- £0 handling fee creates impression cost = zero.
- Natwest exchange rate is presented as the exchange rate.
- Cost of transaction is unclear (vs amount that will be debited).

<table>
<thead>
<tr>
<th>Mid-market exchange rate</th>
<th>NatWest exchange rate</th>
<th>Hidden markup fee</th>
<th>Stated transaction fee</th>
<th>Real total cost</th>
<th>Transparency rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 GBP = 1.138 EUR</td>
<td>1 GBP = 1.101 EUR</td>
<td>£24.75</td>
<td>£0.00</td>
<td>£24.75</td>
<td>Poor</td>
</tr>
</tbody>
</table>

+ 2.5%

* Data collected in April 2023
2.5% exchange rate mark-up still isn't communicated as a cost. Natwest exchange rate is presented as the exchange rate.

£0 handling fee creates impression cost = zero (in the dropdown menu).

Cost of transaction is unclear (vs amount that will be debited).

* Data collected in April 2023
Barclays

Sending 1,000 GBP → EUR

- A 2.75% exchange rate mark-up isn’t communicated as a cost. The mark-up is hidden behind a tooltip.
- £0 handling fee creates impression cost = zero.
- Barclays exchange rate is presented as the exchange rate.

<table>
<thead>
<tr>
<th></th>
<th>Mid-market exchange rate</th>
<th>Barclays exchange rate</th>
<th>Hidden markup fee</th>
<th>Stated transaction fee</th>
<th>Real total cost</th>
<th>Transparency rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 GBP = 1.134 EUR</td>
<td>1 GBP = 1.1037 EUR</td>
<td>£31.20</td>
<td>£0.00</td>
<td>£31.20</td>
<td>Ok</td>
<td></td>
</tr>
</tbody>
</table>

* Data collected in April 2023
A 2.75% exchange rate mark-up isn’t communicated as a cost. Barclays exchange rate is presented as the exchange rate. £0 handling fee creates the impression cost = zero.

* Data collected in April 2023
Lloyds Bank

Sending 1,000 GBP → EUR

- 3.6% exchange rate mark-up still isn’t communicated as a cost.
- If you click ‘How much do we charge for making this payment?’ you get the total cost: deliberate choice to hide this behind a tooltip.
- £0.00 fee creates the impression that the transaction is free.

* Data collected in April 2023
Where Lloyds Bank hides it?

3.6% exchange rate mark-up still isn't communicated as a cost.

£0.00 fee creates the impression that the transaction is free.

If you click ‘How much do we charge for making this payment?’ you get the total cost: deliberate choice to hide this behind a tooltip.

* Data collected in April 2023
HSBC

Sending 1,000 GBP → EUR

- 3.7% mark-up not communicated as a cost to the customer
- HSBC exchange rate presented as the exchange rate
- £0.00 fee creates the impression the payment is free

<table>
<thead>
<tr>
<th></th>
<th>Mid-market exchange rate</th>
<th>HSBC exchange rate</th>
<th>Hidden markup fee</th>
<th>Stated transaction fee</th>
<th>Real total cost</th>
<th>Transparency rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>HSBC</td>
<td>1 GBP = 1.13 EUR</td>
<td>1 GBP = 1.088 EUR</td>
<td>£36.63</td>
<td>£0.00</td>
<td>£36.63</td>
<td>Poor</td>
</tr>
</tbody>
</table>

* Data collected in April 2023
Where HSBC hides it?

* Data collected in April 2023

3.1% mark-up not communicated as a cost to the customer

HSBC exchange rate presented as the exchange rate

£0.00 fee creates the impression the payment is free
TSB

Sending 1,000 GBP → EUR

- 2.9% mark-up not communicated as a cost to the customer
- TSB exchange rate presented as the exchange rate
- £0.00 fee creates the impression the payment is free

<table>
<thead>
<tr>
<th>TSB</th>
<th>Mid-market exchange rate</th>
<th>HSBC exchange rate</th>
<th>Hidden markup fee</th>
<th>Stated transaction fee</th>
<th>Real total cost</th>
<th>Transparency rating</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1 GBP = 1.128 EUR</td>
<td>1 GBP = 1.096 EUR</td>
<td>£29.19</td>
<td>£0.00</td>
<td>£29.19</td>
<td>Poor</td>
</tr>
</tbody>
</table>

* Data collected in April 2023
Where TSB hides it?

* Data collected in April 2023

2.9% mark-up not communicated as a cost to the customer

TSB exchange rate presented as the exchange rate

£0.00 fee creates the impression the payment is free
Starling Bank

Sending 1,000 GBP → EUR

- Starling uses the mid-market rate
- The total cost is clearly communicated to the customer
- No equalisation of fees: GBP to GBP transfer is free, whereas GBP to EUR is £0.30

* Data collected in May 2023
How Starling Bank is transparent

* Data collected in May 2023

Starling uses the mid-market rate

The total cost is clearly communicated to the customer
GBP → USD
£ → $
Are banks in the United Kingdom transparent about their fees?

Sending 1,000 GBP → USD

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<tbody>
<tr>
<td>NatWest</td>
<td>2.5%</td>
<td>£24.68 hidden fee</td>
<td>Poor</td>
</tr>
<tr>
<td>BARCLAYS</td>
<td>2.75%</td>
<td>£34.30 hidden fee</td>
<td>Ok</td>
</tr>
<tr>
<td>LLOYDS BANK</td>
<td>3.6%</td>
<td>£35.52 hidden fee</td>
<td>Ok</td>
</tr>
<tr>
<td>HSBC</td>
<td>3.6%</td>
<td>£36.10 hidden fee</td>
<td>Poor</td>
</tr>
<tr>
<td>TSB</td>
<td>2.9%</td>
<td>£29.11 hidden fee</td>
<td>Poor</td>
</tr>
<tr>
<td>Starling Bank</td>
<td>0%</td>
<td>No fee</td>
<td>Good</td>
</tr>
</tbody>
</table>
NatWest

Sending 1,000 GBP → USD

- 2.5% exchange rate mark-up **still** isn’t communicated as a cost.
- £0 handling fee creates impression cost = zero.
- Natwest exchange rate is presented as the exchange rate.

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<tr>
<th>Mid-market exchange rate</th>
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<th>Transparency rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 GBP = 1.253 USD</td>
<td>1 GBP = 1.222 USD</td>
<td>£24.68</td>
<td>£0.00</td>
<td>£24.68</td>
<td>Poor</td>
</tr>
</tbody>
</table>

* Data collected in April 2023
Where NatWest hides it?

2.5% exchange rate mark-up still isn't communicated as a cost.

Natwest exchange rate is presented as the exchange rate.

£0 handling fee creates impression cost = zero (in the dropdown menu).

* Data collected in April 2023
Barclays

Sending 1,000 GBP → USD

- A 2.75% exchange rate mark-up isn’t communicated as a cost. The mark-up is hidden behind a tooltip.
- £0 handling fee creates impression cost = zero.
- Barclays exchange rate is presented as the exchange rate.

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<tr>
<th>Mid-market exchange rate</th>
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<th>Stated transaction fee</th>
<th>Real total cost</th>
<th>Transparency rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 GBP = 1.246 USD</td>
<td>1 GBP = 1.211 USD</td>
<td>£34.30</td>
<td>£0.00</td>
<td>£34.30</td>
<td>Ok</td>
</tr>
</tbody>
</table>

* Data collected in April 2023
Where Barclays hides it?

A 2.75% exchange rate mark-up isn't communicated as a cost. Barclays exchange rate is presented as the exchange rate.

£0 handling fee creates the impression cost = zero.

* Data collected in April 2023
Lloyds Bank

Sending 1,000 GBP → USD

- 3.6% exchange rate mark-up still isn’t communicated as a cost.
- If you click ‘How much do we charge for making this payment?’ you get the total cost: deliberate choice to hide this behind a tooltip.
- £9.50 fee creates the impression that that's the only cost.

<table>
<thead>
<tr>
<th></th>
<th>Mid-market exchange rate</th>
<th>Lloyds Bank exchange rate</th>
<th>Hidden markup fee</th>
<th>Stated transaction fee</th>
<th>Real total cost</th>
<th>Transparency rating</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>LLOYDS BANK</strong></td>
<td>1 GBP = 1.247 USD</td>
<td>1 GBP = 1.202 USD</td>
<td>£35.52</td>
<td>£9.50</td>
<td>£46.02</td>
<td></td>
</tr>
</tbody>
</table>

* Data collected in April 2023
Where Lloyds Bank hides it?

3.6% exchange rate mark-up still isn’t communicated as a cost.

£9.50 fee creates the impression that it is the total cost of the transaction.

If you click ‘How much do we charge for making this payment?’ you get the total cost: deliberate choice to hide this behind a tooltip.

* Data collected in April 2023
HSBC

Sending 1,000 GBP → USD

- 3.6% mark-up not communicated as a cost to the customer
- HSBC exchange rate presented as the exchange rate
- £5.00 fee creates the impression it is the only cost

* Data collected in April 2023

<table>
<thead>
<tr>
<th>Mid-market exchange rate</th>
<th>HSBC exchange rate</th>
<th>Hidden markup fee</th>
<th>Stated transaction fee</th>
<th>Real total cost</th>
<th>Transparency rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 GBP = 1.24 USD</td>
<td>1 GBP = 1.195 USD</td>
<td>£36.10</td>
<td>£5.00</td>
<td>£41.10</td>
<td>Poor</td>
</tr>
</tbody>
</table>
Where HSBC hides it?

3.6% mark-up not communicated as a cost to the customer

HSBC exchange rate presented as the exchange rate

£5.00 fee creates the impression it is the only charge for the transaction

* Data collected in April 2023
**TSB**

Sending 1,000 GBP → USD

- 2.9% mark-up not communicated as a cost to the customer
- TSB exchange rate presented as *the* exchange rate
- **£10.00** fee creates the impression that it’s the only cost involved

<table>
<thead>
<tr>
<th></th>
<th>Mid-market exchange rate</th>
<th>HSBC exchange rate</th>
<th>Hidden markup fee</th>
<th>Stated transaction fee</th>
<th>Real total cost</th>
<th>Transparency rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>TSB</td>
<td>1 GBP = 1.241 USD</td>
<td>1 GBP = 1.205 USD</td>
<td>£29.11</td>
<td>£10.00</td>
<td>£39.11</td>
<td>Poor</td>
</tr>
</tbody>
</table>

* Data collected in April 2023
Where TSB hides it?

2.9% mark-up not communicated as a cost to the customer

TSB exchange rate presented as the exchange rate

£10.00 fee creates the impression that this is the only cost associated with the transaction

* Data collected in April 2023
Starling Bank

Sending 1,000 GBP → EUR

- Starling uses the mid-market rate
- The total cost is clearly communicated to the customer

<table>
<thead>
<tr>
<th>Starling Bank exchange rate</th>
<th>Mid-market exchange rate</th>
<th>Markup fee</th>
<th>Stated transaction fee</th>
<th>Real total cost</th>
<th>Transparency rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 GBP = 1.263 USD</td>
<td>1 GBP = 1.263 USD</td>
<td>None</td>
<td>£9.50</td>
<td>£9.50</td>
<td>Good</td>
</tr>
</tbody>
</table>

* Data collected in May 2023
How Starling Bank is transparent

* Data collected in May 2023

Starling uses the mid-market rate

The total cost is clearly communicated to the customer
APPENDIX
Collected exchange rate data

GBP → EUR

1,138.36 Euro
Apr 28, 2023, 14:30 UTC · Disclaimer
1000 Pound sterling
1138.36 Euro

1,134.82 Euro
Apr 28, 2023, 11:31 UTC · Disclaimer
1000 Pound sterling
1134.83 Euro

1,136.42 Euro
Apr 28, 2023, 12:39 UTC · Disclaimer
1000 Pound sterling
1136.41 Euro
Collected exchange rate data

GBP → EUR

Apr 14, 2023

1 Pound sterling equals 1.13 Euro

14 Apr, 15:23 UTC · Disclaimer

1,128.87 Euro

1,000 Pound sterling equals

1,152.49 Euro

10 May, 08:37 UTC · Disclaimer

1152.49 Euro
### Collected exchange rate data

<table>
<thead>
<tr>
<th>GBP → USD</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1,253.36 United States Dollar</strong></td>
</tr>
<tr>
<td><strong>1,246.60 United States Dollar</strong></td>
</tr>
<tr>
<td><strong>1,247.24 United States Dollar</strong></td>
</tr>
</tbody>
</table>

*April 28, 2023*
Collected exchange rate data

GBP → USD

Apr 14, 2023

1 Pound sterling equals 1,24 United States Dollar
14 Apr, 15:41 UTC - Disclaimer

10,000 Pound sterling equals 12,411.55 United States Dollar
14 Apr, 17:31 UTC - Disclaimer

May 10, 2022

1,000 Pound sterling equals 1,262.70 United States Dollar
10 May, 08:36 UTC - Disclaimer