

HIDDEN FEES

UNITED KINGDOM



May 2023

7Wise

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

Company	Markup	Markup fees	Transparency rating
 NatWest	2.5%	£24.75 hidden fee	Poor
 BARCLAYS	2.75%	£31.20 hidden fee	Ok
LLOYDS BANK 	3.6%	£35.46 hidden fee	Ok
 HSBC	3.7%	£36.63 hidden fee	Poor
	2.9%	£29.19 hidden fee	Poor
 Starling Bank	0%	No fee	Good

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).

	Mid-market exchange rate	NatWest exchange rate	Hidden markup fee	Stated transaction fee	Real total cost	Transparency rating
	1 GBP = 1.138 EUR	1 GBP = 1.101 EUR + 2.5%	£24.75	£0.00	£24.75	Poor

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.

Enter payment details

How much would you like to send? ⓘ

From
Choose an account to send money from
[REDACTED]

Account summary ⓘ
Balance including pending transactions: [REDACTED]

Country you're sending the payment to
BELGIUM ▼

Currency
EURO ▼

Amount to send
Enter the amount and calculate the exchange rate
Amount in selected currency
1110.18

OR

Amount you pay in pounds sterling
GBP
1000

Calculate exchange rate

1.00 Pounds Sterling GBP = 1.1101835 EURO EUR

Payment type
Choose when the beneficiary will receive the payment
Standard - Same business day (before 2pm) - Fee ▼

Payment types explained ⓘ

Payment of fees
Pay NatWest fee only ▼

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

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

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.

	Mid-market exchange rate	Barclays exchange rate	Hidden markup fee	Stated transaction fee	Real total cost	Transparency rating
	1 GBP = 1.134 EUR	1 GBP = 1.1037 EUR + 2.75%	£31.20	£0.00	£31.20	Ok

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.

Choose an account and payment amount

From

You're sending GBP

They get approx. EUR

This is based on a current indicative rate which is 1 GBP = 1.1038 EUR, which will update this before you complete your payment.

Charges and delivery

Please [click here](#) to view the cut-off times for this payment. Requests received after the cut-off time, or on weekends or bank holidays, will be sent the next working day.

When would you like your payment to be sent? Pay now (Subject to cut off times) Pay later

Charges

£0.00 (Our charges)
£0.00 (Total Charges)

We've shown any charges in GBP. If charges are payable in another currency, we'll convert them to an equivalent amount in that currency using our daily mid-rate. These conversions are estimates and could change, depending on when the payment is sent.

The Exchange Rate is made up of a Barclays reference rate of GBPEUR 1.1349 and a margin of 2.75% which equates to EUR 31.20

The mark-up is hidden behind a tooltip.

At an exchange rate of	1 GBP = 1.1037 EUR (Guaranteed)
	This rate is guaranteed for 79 seconds
SWIFTBIC	TRWIBEB1XXX
Recipient receives (excl. charges)	1103.70 EUR
Charges	£0.00 GBP (Our charges)
	£0.00 GBP (Total Charges)

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.

	Mid-market exchange rate	Lloyds Bank exchange rate	Hidden markup fee	Stated transaction fee	Real total cost	Transparency rating
	1 GBP = 1.136 EUR	1 GBP = 1.0961 EUR + 3.6%	£35.46	£0.00	£35.46	Ok

Where Lloyds Bank hides it?

Amount (GBP)

1,000.00 

You're sending (EUR)

[Will the recipient be charged additional fees?](#)

1096.10  ▼

Exchange rate	1 GBP = 1.0961 EUR
Amount in GBP	1000.00 GBP
Our fee	0.00 GBP
Total you pay	1000.00 GBP

[How much do we charge for making this payment?](#)

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

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

Our Standard Exchange Rate ✕

Our standard exchange rate shown here includes a margin, which for this transaction is £35.46. This is the difference between our standard exchange rate and the rate at which we buy and sell currency in the foreign exchange markets (the wholesale rate).

Our fee

If you are sending pounds or foreign currency other than euros (EUR), you will pay our fee of £9.50.

Visit our [information page](#) to learn more.

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.

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

	Mid-market exchange rate	HSBC exchange rate	Hidden markup fee	Stated transaction fee	Real total cost	Transparency rating
 HSBC	1 GBP = 1.13 EUR	1 GBP = 1.088 EUR + 3.7%	£36.63	£0.00	£36.63	Poor

Where HSBC hides it?

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

HSBC exchange rate presented as **the** exchange rate

Details		
Amount	Currency of debit account GBP 1,000.00	Currency you're sending EUR 1,088.61
HSBC Exchange Rate	GBP 1.00 = EUR 1.088574 <small>This is the HSBC Exchange rate which will be applied to your payment and is valid for 40 seconds. If this rate expires we will provide you with a new one which may be different.</small>	
HSBC UK fee	GBP 0.00	
Who will pay the fees	I want to pay the HSBC UK Fees	
Total debit amount	GBP 1,000.00 <small>This is the total amount which will be debited from your account. The payment amount and the fee, if applicable, will be debited separately.</small>	

£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

	Mid-market exchange rate	HSBC exchange rate	Hidden markup fee	Stated transaction fee	Real total cost	Transparency rating
	1 GBP = 1.128 EUR	1 GBP = 1.096 EUR + 2.9%	£29.19	£0.00	£29.19	Poor

Where TSB hides it?

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

TSB exchange rate presented as **the** exchange rate

International payment

You send

🇬🇧 | £1,000.00

They receive

🇪🇺 | €1,095.92

Indicative rate

1 GBP = 1.096 EUR ⓘ

The final rate might be different, as this payment is out of hours.

TSB fee

£0.00

ⓘ This is our fee for this transaction. The recipient will pay any fees charged by the receiving bank.

£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

	Mid-market exchange rate	Starling Bank exchange rate	Markup fee	Stated transaction fee	Real total cost	Transparency rating
	1 GBP = 1.152 EUR	1 GBP = 1.152 EUR 0%	None	£9.50	£9.50	Good

How Starling Bank is transparent

Starling uses the mid-market rate

The screenshot displays the 'Foreign Exchange Rates' screen. At the top, it shows 'You send - GBP 1000' with the UK flag and 'They receive - EUR 1141.38' with the EU flag. Below this, two callout boxes highlight 'Rate 1.1523' and 'Including Fee £9.50'. The screen also lists 'Available Delivery Options' with two choices: 'SWIFT Payment (£5.50)' and 'Low Cost Payment (£0.30)', each with a list of details and a delivery date of May 10, 2023.

Category	Value
You send - GBP	1000
They receive - EUR	1141.38
Rate	1.1523
Including Fee	£9.50

Available Delivery Options

- SWIFT Payment (£5.50)**
 - Sent from you with your reference
 - Proof of payment available
 - Recommended when paying a bill
 - Delivery estimated on: **May 10, 2023**
- Low Cost Payment (£0.30)**
 - Sent from our partner without a reference
 - Not possible to recall if mistake is made
 - Delivery estimated on: May 10, 2023

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

Company	Markup	Markup fees	Transparency rating
 NatWest	2.5%	£24.68 hidden fee	Poor
 BARCLAYS	2.75%	£34.30 hidden fee	Ok
LLOYDS BANK 	3.6%	£35.52 hidden fee	Ok
 HSBC	3.6%	£36.10 hidden fee	Poor
	2.9%	£29.11 hidden fee	Poor
 Starling Bank	0%	No fee	Good

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.

	Mid-market exchange rate	NatWest exchange rate	Hidden markup fee	Stated transaction fee	Real total cost	Transparency rating
	1 GBP = 1.253 USD	1 GBP = 1.222 USD + 2.5%	£24.68	£0.00	£24.68	Poor

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.

Enter payment details

How much would you like to send? ⓘ

From
Choose an account to send money from
[Redacted]

Account summary ⓘ
Balance including pending transactions: [Redacted]

Country you're sending the payment to
UNITED STATES OF AMERICA

Currency
US DOLLAR

Amount to send
Enter the amount and calculate the exchange rate
Amount in selected currency
1222.43

OR

Amount you pay in pounds sterling
GBP
1000

Calculate exchange rate

1.00 Pounds Sterling GBP = 1.2224333 US DOLLAR USD

Payment type
Choose when the beneficiary will receive the payment
Standard - 2-4 business day - Fee £0.00

[Payment types explained](#)

Payment of fees
Pay NatWest fee only

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

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.

	Mid-market exchange rate	Barclays exchange rate	Hidden markup fee	Stated transaction fee	Real total cost	Transparency rating
	1 GBP = 1.246 USD	1 GBP = 1.211 USD + 2.75%	£34.30	£0.00	£34.30	Ok

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.

Paid from	[REDACTED]
You're sending	1000.00 GBP
At an exchange rate of	GBP = 1.2119 USD (Guaranteed) ⓘ This rate is guaranteed for 72 seconds
NCC	FW026073008
Recipient receives (excl. charges)	1211.90 USD
Charges	£0.00 GBP (Our charges) £0.00 GBP (Total Charges)
Barclays charges taken from account	[REDACTED]
Total you pay (inc. charges)	£1,000.00 GBP

The Exchange Rate is made up of a Barclays reference rate of GBP/USD 1.2462 and a margin of 2.75% which equates to USD 34.30

The mark-up is hidden behind a tooltip.

At an exchange rate of	1 GBP = 1.2119 USD (Guaranteed) ⓘ This rate is guaranteed for 72 seconds
NCC	FW026073008
Recipient receives (excl. charges)	1211.90 USD
Charges	£0.00 GBP (Our charges) £0.00 GBP (Total Charges)

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.

	Mid-market exchange rate	Lloyds Bank exchange rate	Hidden markup fee	Stated transaction fee	Real total cost	Transparency rating
	1 GBP = 1.247 USD	1 GBP = 1.202 USD + 3.6%	£35.52	£9.50	£46.02	Ok

Where Lloyds Bank hides it?

Amount (GBP)

1,000.00 

You're sending (USD)

[Will the recipient be charged additional fees?](#)

1202.80  ▼

Exchange rate	1 GBP = 1.2028 USD
Amount in GBP	1000.00 GBP
Our fee	9.50 GBP
Total you pay	1009.50 GBP

[How much do we charge for making this payment?](#)

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.

Our Standard Exchange Rate

Our standard exchange rate shown here includes a margin, which for this transaction is £35.52. This is the difference between our standard exchange rate and the rate at which we buy and sell currency in the foreign exchange markets (the wholesale rate).

Our fee

If you are sending pounds or foreign currency other than euros (EUR), you will pay our fee of £9.50.

Visit our [information page](#) to learn more.

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.

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 the it is the only cost

	Mid-market exchange rate	HSBC exchange rate	Hidden markup fee	Stated transaction fee	Real total cost	Transparency rating
 HSBC	1 GBP = 1.24 USD	1 GBP = 1.195 USD + 3.6%	£36.10	£5.00	£41.10	Poor

Where HSBC hides it?

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

HSBC exchange rate presented as **the** exchange rate

Amount	Currency of debit account	Currency you're sending
	GBP 1,000.00	USD 1,195.43
HSBC Exchange Rate	GBP 1.00 = USD 1.195517	
	This is the HSBC Exchange Rate which will be applied to your payment and is valid for 40 seconds. If this rate expires we will provide you with a new one which may be different.	
HSBC UK fee	GBP 5.00	
Who will pay the fees	I want to pay the HSBC UK fees	

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

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

	Mid-market exchange rate	HSBC exchange rate	Hidden markup fee	Stated transaction fee	Real total cost	Transparency rating
	1 GBP = 1.241 USD	1 GBP = 1.205 USD + 2.9%	£29.11	£10.00	£39.11	Poor

Where TSB hides it?

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

TSB exchange rate presented as **the** exchange rate

The screenshot shows a mobile app interface for an international payment. At the top, it says 'International payment'. Under 'You send', there is a UK flag and '£1,000.00'. Under 'They receive', there is a US flag and '\$1,205.02'. Below that is the 'Indicative rate' section, which shows '1 GBP = 1.205 USD' with an information icon. A note below states 'The final rate might be different, as this payment is out of hours.' Under 'TSB fee', there is a box containing '£10.00'. At the bottom, a blue box with an information icon contains the text: 'This is our fee for this transaction. The recipient will pay any fees charged by the receiving bank.'

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

Starling Bank

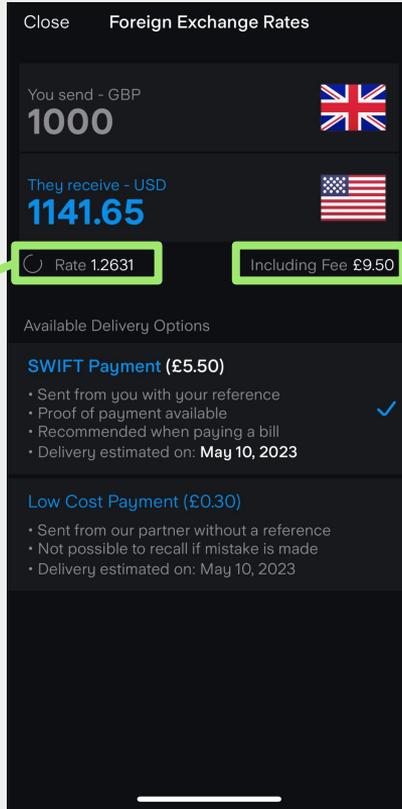
Sending 1,000 GBP → EUR

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

	Mid-market exchange rate	Starling Bank exchange rate	Markup fee	Stated transaction fee	Real total cost	Transparency rating
	1 GBP = 1.263 USD	1 GBP = 1.263 USD 0%	None	£9.50	£9.50	Good

* Data collected in May 2023

How Starling Bank is transparent



Starling uses the mid-market rate

The total cost is clearly communicated to the customer

APPENDIX

Collected exchange rate data

GBP → EUR

April 28, 2023

1,000 Pound sterling equals

1,138.36 Euro

Apr 28, 14:30 UTC · Disclaimer

1000 | Pound sterling ▼

1138.36 | Euro ▼

1,000 Pound sterling equals

1,134.82 Euro

Apr 28, 11:31 UTC · Disclaimer

1000 | Pound sterling ▼

1134.83 | Euro ▼

1,000 Pound sterling equals

1,136.42 Euro

Apr 28, 12:39 UTC · Disclaimer

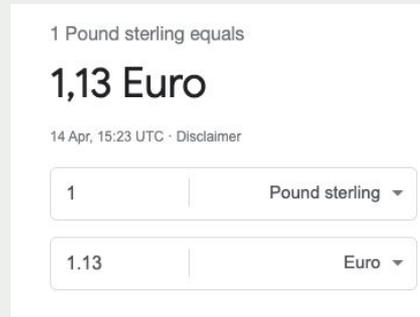
1000 | Pound sterling ▼

1136.41 | Euro ▼

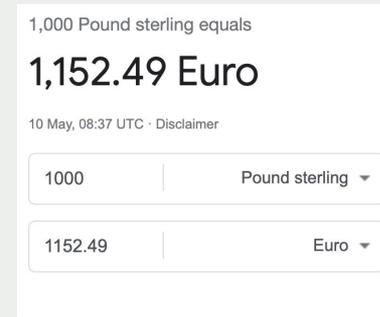
Collected exchange rate data

GBP → EUR

Apr 14, 2023



May 10, 2022



Collected exchange rate data

GBP → USD

April 28, 2023

1,000 Pound sterling equals

1,253.36 United States Dollar

Apr 28, 14:31 UTC · Disclaimer

1000 | Pound sterling ▾

1253.36 | United States Dollar ▾

1,000 Pound sterling equals

1,246.60 United States Dollar

Apr 28, 11:38 UTC · Disclaimer

1000 | Pound sterling ▾

1246.60 | United States Dollar ▾

1,000 Pound sterling equals

1,247.24 United States Dollar

Apr 28, 12:28 UTC · Disclaimer

1000 | Pound sterling ▾

1247.23 | United States Dollar ▾

Collected exchange rate data

GBP → USD

Apr 14, 2023

1 Pound sterling equals
1,24 United States Dollar

14 Apr, 15:41 UTC · Disclaimer

1 | Pound sterling ▾

1.24 | United States Dollar ▾



May 10, 2022

1,000 Pound sterling equals
1,262.70 United States Dollar

10 May, 08:36 UTC · Disclaimer

1000 | Pound sterling ▾

1262.70 | United States Dollar ▾

