



## **LUK2022 Questions and Answers**

### **What happened?**

Normally, when a customer makes a non-sterling payment, we apply a currency conversion fee of 2.75% to the exchange rate. This fee is displayed on the statement under the payment as 'INCL FX FEE £x.xx'. We displayed this fee incorrectly.

For some foreign exchange payments, we displayed the fee as '£0.00' when in fact we had charged a fee.

### **Who does this affect?**

The issue affects some personal and business debit card customers who made non-sterling payments between January 2018 & August 2022.

### **How have we put this right?**

This display error was fixed. We'll refund those customers who are affected either to their AIB bank account or by cheque.

### **How has the refund been calculated?**

The refund is the amount of the currency conversion fee that we charged plus compensatory interest, calculated at a rate of 8%. For personal customers, the compensatory interest is subject to tax, at a rate of 20% under HM Revenue and Customs rules, which we have deducted and paid. If the compensatory interest is not subject to tax you will see this displayed as £0.00 on your letter.

### **Do I need to pay tax on the refund directly to HM Revenue and Customs?**

No, any tax due on the compensatory interest has already been deducted and paid by us.