

The complaint

B complains that the exchange rate quoted by HSBC UK Bank Plc differed drastically to the rate, which was actually applied, resulting in financial loss for it.

What happened

On 25 June 2020, one of B's officers contacted HSBC to advise that it was expecting more than \$40,000 into B's business account and requested the exchange rate. The officer had received a quote from another organisation of £38,137.85 but HSBC quoted B £39,209.43 with a maximum charge of £11.

The transfer was made the next day, but B only received £37,519.50 after conversion. B accepts that the rate it was quoted was indicative, but B's officer feels like the difference is too steep. B's officer is also unhappy that HSBC ignored his emails asking it to reconsider its position in the final response letter it issued to B.

The investigator didn't recommend the complaint be upheld. She was satisfied that when B's officer spoke to HSBC its agent made it clear the exchange rate for the funds expected into B's account was indicative. The agent also read to B's officer HSBC's statement regarding quotes for foreign exchange transactions which advised that the actual rate used will be applied when the payment is made. So, although B's officer expected the fluctuation to be slight, the investigator didn't think HSBC had acted unfairly as it explained the rate was indicative. She thought HSBC acted in line with its terms and conditions when it received the payment and applied the 'HSBC exchange rate' at that time.

She understood B's officer's frustration that HSBC didn't reconsider its position and reply to him after issuing the final response letter. However, she noted HSBC correctly included referral rights to our service for B, so she didn't think it had acted unfairly.

B asked for an ombudsman's decision. Its officer asked: 'How many transactions go through with a higher payment than a previous indicative quote?' The officer wonders – as you don't know how much you'll get until after the transaction completes does the bank quote high and deliver low? He also wants to know if the rate given to B was consistent with its declared rate on the day.

My provisional decision

I issued a provisional decision on 18 January 2022. In it I said:

I understand B's officer's frustration. But equally, I've seen that HSBC made clear that the exchange rate here was only ever indicative. So, what I have to consider is whether HSBC has shown that it acted fairly in carrying out the transaction and in line with what its rate was at the time in question.

HSBC has explained that this transaction was subject to its usual calculations in terms of what the rate was and applying that to the transaction. That being the case, I think it's fair

and reasonable to be able to show that this is the case to B and to this service in a way that's clear and easy to understand.

As things stand, HSBC has explained the range of figures that made up for the highest and lowest rate available on the day of the transaction. Then HSBC has explained the rate which it says was applied. But, from what I've seen that rate isn't within the range of rates given on that day. To add to the confusion, HSBC also quoted a rate for the exchange the day before the actual transaction took place and from the evidence, I can't see how HSBC arrived at the figure given in this quote either, given what it has said.

So, I asked HSBC to provide more information about the exchange rate fluctuations on the relevant two days. I asked it to provide this information in a form that was accessible to a lay person so that B's officer could understand more about what had happened. Despite repeated chasing, HSBC has not provided the evidence I have requested. It did supply some evidence about the exchange rate available on the relevant dates, but this evidence doesn't clearly show how the exchange rate was calculated here or persuade me that what HSBC did was correct. Nor does it appear to be compatible with the rate quoted in the final response letter.

Given all the above I am not satisfied that HSBC has treated B fairly. I recognise that HSBC says that it followed its usual processes here – but I have to look at the individual circumstances of this complaint. Having done so, HSBC hasn't been able clearly to show me that it applied the exchange rate correctly here.

So unless it provides the information I have requested before I write the final decision, I think it would be reasonable for HSBC to pay B the difference between the figure it quoted to B's officer and the figure B received (so £1,689.93). Given that B was given one figure, which it says it acted on, yet received a rate that HSBC hasn't shown was correctly calculated – I think this represents a fair outcome in the individual circumstances of this complaint.

Responses to my provisional decision

HSBC did not respond. B has accepted my provisional decision.

What I've decided – and why

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

As neither side has asked me to consider anything new, I see no reason to depart from my provisional decision and confirm it here now.

Putting things right

To put things right I think HSBC should pay B £1,689.93.

My final decision

I uphold this complaint and order that HSBC UK Bank Plc pay B £1,689.93.

Under the rules of the Financial Ombudsman Service, I'm required to ask B to accept or reject my decision before 21 March 2022.

Nicola Wood
Ombudsman