

## **The complaint**

Mr S complains about a payment sent by HSBC UK Bank Plc (“HSBC”) to a third-party bank overseas.

## **What happened**

Mr S used HSBC to send a £20,000 sterling payment to a third-party bank overseas. As HSBC didn’t have a relationship with the receiving bank, HSBC had to use an intermediary bank to get the payment to the beneficiary. The payment instruction was completed correctly by Mr S and the instruction was clear that the amount was to remain in sterling, but when it reached the intermediary bank, it was converted to Euros instead. Mr S says he wanted the payment to be converted by the receiving bank due to beneficial rates he received – so he is now claiming for a loss.

HSBC looked into the complaint but didn’t uphold it. It said the intermediary was working for the receiving bank, so Mr S would need to raise a complaint with them. Mr S remained unhappy, so he brought his complaint to our service.

Our investigator looked into the complaint but didn’t uphold it. Our investigator said Mr S would need to raise a complaint against the intermediary bank as this is where the mistake was made.

Mr S didn’t agree with the investigator’s view, so the complaint’s been passed to me for a final decision.

I issued a provisional decision on 15 February 2022. This is what I said.

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

Since the original investigator issued his view, there’s been a lot communicated between HSBC and a new investigator regarding who the intermediary was working for in the payment transaction. Up to this point, HSBC haven’t been able to evidence that the intermediary wasn’t working for them. So, I’ve had to make my decision based on the information we do have and what I think most likely.

What I have found is that Mr S is a customer of HSBC and tasked the bank with sending a payment, that didn’t get to the beneficiary bank correctly. It’s clear from the information we’ve got that this was also through no fault of Mr S. The instruction originated from HSBC, so I’m satisfied HSBC should take responsibility for getting it to the beneficiary correctly.

That didn’t happen, so in this situation I’m satisfied that HSBC should compensate Mr S for the loss of funds, due to the exchange rate used incorrectly by the intermediary bank. At present that loss amounts to around 920 Euros after any fees are deducted, based on the rate Mr S would’ve received at the beneficiary bank on the date in question. Mr S has supplied evidence to our service that he would’ve got the market rate from the receiving bank on any conversion.

It's worth noting that this type of payment error has been made before and HSBC compensated Mr S for his loss.

In summary, where Mr S has instructed HSBC to make a payment, and it's been accepted without caveat (and he has every reason to believe it would get there as it had done many times before), Then I think HSBC need to take the lead in sorting it out for him- and if necessary recovering the loss from the intermediary bank.

### **Responses to provisional decision**

Mr S was happy with the outcome.

HSBC didn't respond.

### **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.

Having done so, I see no reason to depart from my provisional decision.

### **Putting things right**

HSBC should pay Mr S for the loss he got in the exchange rate used by the intermediary bank when the payment was incorrectly converted.

### **My final decision**

My final decision is that I uphold this complaint and require HSBC UK Bank Plc to pay Mr S 920 Euros.

Any fees incurred in sending this to Mr S bank should not be deducted from this amount and should be paid by HSBC.

HSBC will also need to pay Mr S 8% annual simple interest from the date of the payment to the date the compensation payment is made.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 23 March 2022.

Tom Wagstaff  
**Ombudsman**