

The complaint

Ms S has complained that HSBC UK Bank Plc's international payments process was confusing, and this led to her transferring the wrong currency.

What happened

Ms S used HSBC online banking on the 4 April 2022 to transfer £42,000 from her UK sterling account to her sterling account in Poland. She had previously made the same type of transaction, however on this occasion she found the system confusing and became anxious. This is because an exchange rate showed on the screen. Also, there was no security code to enter which differed to the instructions.

Ms S completed the transaction before she was able to speak to HSBC's live chat service to discuss these points of confusion and to confirm the payment had been transferred in sterling. Ms S was relieved to get verbal assurance that there were no issues and the payment had been completed in sterling. However, later that day she was informed by her bank in Poland that money was transferred in Polish zloty rather than sterling and the money was to be returned within 3-5 business days with foreign exchange conversion fees applied. This was different to what she had been told by the HSBC live chat representative and meant a double exchange rate conversion, resulting in a loss of £1510.33. In addition to this loss, her account was not re-credited with her money until the 20 April 2022, having been returned by her Polish bank on the 7 April 2022.

Ms S is seeking an apology, a refund of the bank fees and loss incurred, together with compensation for both distress and inconvenience. This is because she found HSBC's system and instructions confusing and feels this led her to sending the wrong currency. Also, she feels the time taken to re-crediting her account was excessive and this, together with the time she spent contacting HSBC on the whereabouts of her money, caused both additional inconvenience and distress.

HSBC do not agree that they have done anything wrong and will not cover the loss or provide compensation. This is because their on-line system showed Ms S accepted both the Polish exchange rate and the amount that would be received. They also say that their system's default position is to automatically select the currency of the country the payment is being sent to and if the customer wants to change this then they can. In addition, the system gave a warning to check the details were all correct, as returns can cause a foreign exchange loss. With regards to the re-crediting delay, HSBC explained the gap is seven working days and as they do not have an exact service level agreement for returning funds, they feel the time to re-credit was acceptable. HSBC didn't specifically address the issue in relation to the information given on the live chat.

Our investigator has examined the available evidence including system screenshots and believes Ms S accidentally sent her payment in Polish zloty and that this was not the fault of HSBC. He did however partially uphold the complaint. Firstly, because he found that HSBC misinformed Ms S about her payment being sent successfully as GBP on 4 April 2022, and

partially upheld the complaint for this reason, recommending HSBC compensates Ms S £150. This was for the distress and inconvenience they caused Ms S when her bank in Poland contacted her later that day to confirm her payment had been rejected after all. Secondly, he found that despite having received Ms S money back on the 7 April, HSBC failed to notify Ms S of this when she called them on four occasions. As he considered this had caused distress and inconvenience, he recommended a further £150 compensation.

As Ms S has rejected the investigator's offer and remains dissatisfied, this case has now been referred to me to look at.

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 have come to the view that I agree with the conclusions reached by our investigator and I therefore partially uphold this complaint. I appreciate Ms S feels strongly that the HSBC international payments system and instructions were confusing and will be disappointed by my decision.

I have no doubt that Ms S intended to transfer the money in sterling and not Polish zloty, however I can't hold HSBC responsible for the actions that took place, for the reasons set out below.

I've seen the transaction details and screenshots of the currency, exchange rate and transfer amounts and that persuades me that it's more likely than not that Ms S selected and agreed the transaction as it was processed here. I've also seen that there is a warning as a part of this process to check the details before proceeding. This explained that returns can cause a foreign exchange loss, which is what eventually happened here.

So, while I realise she may have been confused and assumed things were ok here, Ms S was warned of what she was doing and proceeded nonetheless. In those circumstances it wouldn't be fair to hold HSBC liable for any losses that stemmed from Ms S's actions. Whilst I can see that Ms S had doubts about the transaction not being completed in sterling, her queries about the aspects of the system she found confusing unfortunately occurred after she accepted the transaction. Once the transaction was accepted the exchange rate was booked and although an HSBC representative misinformed Ms S, I can't see that HSBC made a mistake which caused the loss. In view of that I can't ask HSBC to provide a refund.

Regarding the misinformation, although HSBC have not commented, I have viewed a screenshot which shows Ms S was misinformed that the payment had been sent in GBP when this was clearly not the case. This misinformation gave Ms S false reassurance when she was worried that the transaction had not been completed correctly. The international transfer was very important to Ms S as she was looking to make a property purchase and this mistake not only delayed Ms S finding about the error but also delayed her managing the impact. Also, Ms S did not realise the exchange rate had been immediately booked and she felt she had potentially missed an opportunity to rectify the error. I'm therefore satisfied that HSBC did make a mistake which caused Ms S both distress and inconvenience. So, I think it's fair that she's compensated for the impact this had. I think the recommended amount of £150 is fair. Also, HSBC should issue Ms S an apology.

Regarding the delay in re-crediting the account of Ms S, I recognise the non-working days and appreciate HSBC do not currently have a service level agreement for this kind of process. However, Ms S had to wait seven working days to get her money back and although an HSBC representative considers this period to be an acceptable waiting time,

there is no explanation on file about the issue. Also, Ms S was not given any updates in this period despite calling HSBC four times. I'm satisfied that this lack of communication and information caused Ms S further inconvenience and upset, and I again agree with the investigator that Ms S should be compensated the recommended amount of £150. Also, HSBC should issue Ms S a further apology.

My final decision

My final decision is that I partially uphold the complaint and HSBC UK Bank Plc should make a payment of £300 in total to Ms S for the inconvenience and upset. Also, HSBC UK Bank plc should issue Ms S the above-mentioned apologies.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms S to accept or reject my decision before 15 November 2022.

Paul Douglas
Ombudsman