

The complaint

Mr H has complained that HSBC UK Bank Plc mis-handled an international money transfer and that it has failed to itemise fees that have been charged for the process.

What happened

On 9 November 2020, Mr H made a transfer of \$18,491.52 from his HSBC US dollars account to a US dollars account that he holds with another bank (which I'll call the recipient bank). As such a transfer usually took between 1-3 days, Mr H became concerned when it hadn't arrived at the recipient bank after about five days. He then contacted HSBC multiple times using the online chat and phone. It wasn't until he was able to speak to the transfers team that the payment was traced. The funds were eventually returned to Mr H's account on 10 December 2020.

The funds were returned minus charges totalling \$61. Apart from the \$6 fee charged by HSBC, the rest of the charges do not appear on Mr H's statements. Mr H says he was then charged fees of \$92 when he then successfully re-sent the funds to the recipient bank. Again, only the \$6 HSBC fee was itemized on his statement. He sees this as fraud, or if not, certainly lacking in transparency.

In responding to the complaint, HSBC explained the route that a US dollars transfer would take. It has to go via a US bank and therefore HSBC sent it to HSBC USA. From there it would go to the recipient bank's agent bank and then onto the recipient bank itself. The problem here was that the recipient bank had changed its agent bank and HSBC said that it was unaware of this change. Therefore, HSBC USA sent the payment to the old agent bank. Not knowing what it was for, the old agent bank returned the payment to HSBC USA who in turn returned it to HSBC. But, because HSBC USA hadn't put a marker on the payment, it didn't flag with HSBC that it needed to do anything with it. So the money sat in a holding account until it was traced and returned to Mr H's account on 10 December 2020. With regard to charges, HSBC said that, in addition to its usual \$6 charge, the old agent bank had additionally imposed an administrative fee of \$55. In terms of intermediary charges appearing on statements, as the charges weren't being made directly by HSBC, it was not possible to include them as separate items.

HSBC initially offered Mr H £150 compensation to cover the charges that had been incurred as well as the inconvenience he had suffered. When he explained that he had been calling from abroad and spent a lot of time on hold, HSBC increased its compensation offer to £250. Our investigator thought that HSBC could have put a trace on the payment when Mr H first contacted it, in which case the funds could have been returned shortly afterwards. As HSBC were at fault, he recommended that the compensation be increased to £600, to which HSBC has agreed.

Mr H doesn't think that £600 is enough to compensate him for his stress and inconvenience. He says that half of the money he transferred was to invest in Bitcoin and that he lost out on making a significant profit.

As Mr H disagrees with the investigator's view, the complaint has been passed to me for a 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 our investigator has mentioned, there is some disagreement about when the details for the agent bank were updated. The recipient bank said that it took appropriate action to inform financial institutions of the change prior to Mr H's transaction. Whereas HSBC says the changes weren't made on the Bank Check system, that it relies on, until afterwards. But even if I were to conclude that HSBC were at fault, then I would say that it had to return the charges that were incurred by sending the funds to the wrong agent bank. But HSBC has offered to refund those charges to Mr H already as part of its compensation offer. So I don't think I need to consider this point further.

When Mr H first contacted HSBC via its online chat facility he was told to just wait another week to see if the payment turned up. As our investigator has said, HSBC could have taken the opportunity to put a trace on the payment at this point. HSBC also accepts that it should have done this. Once a trace was carried out, the funds were easily found and returned to Mr H's account. It is unreasonable that it took a month for this to happen.

As already mentioned, the transfer incurred fees of \$61. A \$6 transaction fee charged by HSBC did appear on Mr H's account statement but the additional \$55 deduction was not detailed anywhere. Similarly, when Mr H did then successfully make the transfer, it arrived at his recipient bank with extra deductions over and above the \$6 HSBC transaction fee.

Mr H was used to deductions being made from transfer amounts that weren't itemised on his HSBC statements. He says that previous transfer amounts would arrive at his recipient bank with a deduction of \$25. This is the handling fee that HSBC USA charges. So Mr H was aware that other charges were being applied, although he says he never queried it before.

HSBC has provided a copy of its online payment journey where it is confirmed that intermediary charges may apply. The transaction is treated as an international transfer as it has to be routed via a US bank using the SWIFT payment system. HSBC is unable to state how much other banks might charge because in most cases it would not know this in advance. Therefore, it is reasonable that it warns its customers that other charges may apply. With regard to intermediary fees on international payments, HSBC's website states:

'If we send money to or receive money from places outside the EEA, we may use an intermediary bank. They and the receiving bank may also impose charges, which could include payments sent through, or to, another HSBC bank.'

So while I can see that it would help Mr H to be provided with a breakdown of any charges applied to a payment like this, it won't always be fair to expect HSBC to provide that, where charges are applied independently of its involvement. The charges were applied after the funds left Mr H's account. And HSBC was only aware of the charges that it has made directly here. However, as part of my investigation I asked HSBC if there was any way that Mr H could receive a breakdown of costs. HSBC said it related to how the transactions were set up. I asked our investigator to pass this information about the different available options to Mr H in the hope that it may assist him in the future.

Mr H says he lost out on making a profit on a cryptocurrency investment as a result of HSBC's mistake and provided some information about the price variance between 9

November and 16 December 2020. We asked Mr H for some further details of his investing history and for evidence that he did use part of the later successful transfer to buy Bitcoin. Mr H declined to answer, for reasons that I understand. But that does make it difficult to fully assess the impact that the delay had on him and consequently I'm not persuaded that HSBC should be asked to cover any potential investment losses. However, having over \$18,000 go missing for 30 days would have been extremely stressful, particularly as Mr H struggled to get anyone from HSBC to help him during the early stages. On balance, I consider that £600 is an appropriate amount to compensate Mr H for stress and inconvenience.

My final decision

For the reasons set out above, my decision is that I uphold Mr H's complaint and require HSBC UK Bank Plc to pay £600 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 18 November 2022.

Carole Clark

Ombudsman