

## **The complaint**

Mr G complains that HSBC UK Bank Plc did not follow their procedures regarding overseas transfers and they provided him with poor customer service on numerous occasions.

## **What happened**

Mr G says he rang HSBC on 13 February 2022 to arrange a transfer of £178,700 into a third party UK account. The agreement he had with the third party provider was that upon the receipt of the funds - which needed to be deposited by 12:59 New Zealand Standard Time (NZST), they would deposit \$363,807.11 New Zealand Dollars (NZD) into an overseas bank with a different third party provider.

Mr G says that the funds were not received in time and he had not received any communication from HSBC indicating that there was a problem, even though they knew the payment was time critical. Mr G rang HSBC on 16 February 21:00 NZST, where he was informed there had been a fraud flag applied, but it shouldn't be a problem. Mr G made a complaint to HSBC.

Mr G says that HSBC responded to him and they acknowledged there had been an error in them not contacting him. Mr G requested that HSBC transfer the £178,700 from his account and make up the shortfall in the exchange rate as it had fallen by \$20,000NZD during this time. HSBC explained that he would need to process the payment and then they would review the difference in the exchange rate.

Mr G attempted to make the transfer again on 9 March. He says a system note was left by HSBC to contact him at any time to ensure that the payment could go through. As he heard nothing by 05:00 NZST, he had woken early to ring HSBC to check the status of the transfer. He says he was informed that there had been no fraud flag applied to the payment and the call handler told him the payment would go through and he would follow the payment up. But the payment did not go through again and Mr G lost the window to transfer the funds. Mr G attempted the transfer again on 14 March, But again, the payment was not successful.

Mr G brought his complaint to our service. He says his overseas house was on the market and he was unable to progress a sale and move without his funds being transferred. He said that due to the payment failures, he was faced with taking his house off the market and marketing the property to date had cost approximately \$2,000NZD, which he felt HSBC should pay. He also wanted 8% interest as he was not able to access his money as intended between 13 February-30 May 2022.

HSBC told our service that they agreed to refund the shortfall in the exchange rate and to pay him £1,500 compensation for distress and inconvenience. HSBC said they couldn't agree 8% interest is owed, because there were no blocks on the account that prevented him accessing the account. They also said they would not be offering to cover the marketing fees he mentioned as these fees would have been payable regardless of the delay.

Our investigator said that as the funds were still in Mr G's account and the account wasn't blocked then HSBC would not be liable for his marketing costs as these may have been

payable anyway. She said that HSBC had made up the exchange rate shortfall and awarded Mr G £1,500 compensation which she thought was fair.

Mr G asked for an Ombudsman to review his complaint. He made a number of points. In summary, he said he didn't agree that his funds were not blocked as he made three attempts to make the transfer and spent several hours on the phone to HSBC and he was deprived access to his money as they would not release his funds, so he thought it was reasonable for them to pay him 8% interest on that amount. Mr G said he was withdrawing his claim for his marketing costs as he now agrees this would have been payable anyway.

As my findings differed in some respects from our investigator's, I issued a provisional decision to give both parties the opportunity to consider things further. This is set out below:

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

*Mr G has made a number of points to this service and I've considered and read everything he's said and sent us. But, in line with this service's role as a quick and informal body I'll be focusing on the crux of his complaint in deciding what's fair and reasonable here.*

*I've considered what Mr G has said about his funds being blocked. I can sympathise with why he feels this way as a result of the multiple attempts to transfer his money were unsuccessful through factors outside of his control, but I'm satisfied his funds weren't blocked. I say this because HSBC have confirmed there were no blocks on his account. They have confirmed the reason for the unsuccessful transfers was because of their failure to contact Mr G on his overseas telephone number, which meant the transfers couldn't be verified and therefore they were reversed. So I'm not persuaded that paying Mr G 8% interest on the amount would be reasonable here.*

*I have considered the compensation that HSBC have paid Mr G. They paid him the shortfall on the exchange rate between what he should have received and what he did receive. They also paid him £1,500 compensation for distress and inconvenience. I must make Mr G aware that HSBC have paid him more than our guidelines would permit me to award for distress and inconvenience for what happened here, so I'm satisfied the compensation HSBC paid him for specifically distress and inconvenience recognises the impact the errors had on him and the many hours Mr G spent trying to rectify this situation.*

*But while I'm satisfied the compensation was fair for distress and inconvenience and that 8% interest shouldn't be awarded, I have considered the possibility of lost interest in general as it's possible the funds in the HSBC account could have been receiving a lower interest rate than his overseas account. I asked HSBC if they had considered this point and they told me that they hadn't looked at a loss of interest. They said they would be happy to agree to pay interest on the payment at the interest rate Mr G's account would have paid overseas if this would have been higher.*

*I asked HSBC what rate of interest Mr G's account was paying. They confirmed it was 0.05%. I asked Mr G if he could send me evidence of the interest rate his overseas account was receiving between 13 February-30 May including any interest rate changes during this time and proof he held the account. Mr G provided evidence of an account in his name and the third party provider quoted the account number which matched the evidence Mr G showed me for the "term investment" account and they provided the interest rates for this account.*

*It's difficult to say exactly what interest would have been paid as there are a number of variables here. I say this as although Mr G has evidenced he has a "term investment"*

*account with the third party, it doesn't evidence the term which the account was over. The third party website shows terms available from 30 days-5 years. As Mr G attempted to make the first transfer on 13 February, the funds wouldn't have reached his overseas account on this date, especially as it was first being transferred through a third party provider. And the interest rate had changed more than once over the course of 13 February-30 May.*

*I provided HSBC the evidence Mr G provided me regarding the account (he had asked them to quote the 90 day term and four month term interest rates) and I asked them to calculate the difference in interest between their account and the overseas account from 13 February-30 May 2022. I asked them to use the higher interest rate of the four month term. To ensure fairness I did ask HSBC if they had any objection to the higher interest rate being used or the dates being used (for the reasons detailed in the previous paragraph). HSBC provided me with an interest calculation for the full time period and the higher interest rate. Their calculation did not take into account the different lower tiers of interest that Mr G would have received on his overseas account in February, March and April. Their calculation showed they used the 1.5% (even though this was only applied from 6 May). So the difference between the 1.5% rate of interest on the overseas account minus the 0.05% he was earning on his HSBC account was 1.45% and on £178,700 for 106 days, this equated to £752.50. So I intend to ask HSBC to put things right for Mr G."*

I invited both parties to let me have any further submissions before I reached a final decision. HSBC did not respond to my provisional decision. Mr G said he did not wish to make any further submissions.

### **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 party have provided me with any further information to consider, then my decision and reasoning remains the same as in my provisional decision.

### **Putting things right**

In my provisional decision I said I intend to uphold this complaint in part. I said I intend to ask HSBC UK Bank Plc to pay Mr G £752.50\* for lost interest. I'm still satisfied this is a fair outcome for the reasons given previously.

*\*If HSBC considers that it's required by HM Revenue & Customs to deduct income tax from that interest, they should tell Mr G how much they've taken off. They should also give Mr G a tax deduction certificate if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.*

### **My final decision**

I uphold this complaint in part. HSBC UK Bank Plc should settle the complaint in line with the instructions in the "putting things right" section above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 14 February 2023.

Gregory Sloanes  
**Ombudsman**