

The complaint

C, a limited company complains that HSBC UK Bank Plc caused delays when C initiated transfers between its accounts. C also complains that the bank unfairly charged it for foreign exchange losses.

C is represented by its directors.

What happened

In April 2022, C initiated a transfer with a value of nearly €2,000,000 from its euro to its sterling account. C says the funds didn't transfer as expected, so it initiated further payments to move the funds, but these attempts were unsuccessful.

After multiple attempts, C contacted its HSBC relationship manager and spoke to the bank's business banking team. C says HSBC couldn't identify why the transfers hadn't completed. C then went on to complete the transfer in full by breaking it down into two payments. For ease, I've set out a brief timeline of the transactions at the end of this section.

C complained to HSBC because it had made a loss – the exchange rate for the initial transfer was more favourable and C says it lost out on just under £10,000 because the first transfer was unsuccessful. Given the latter payments had been successful, HSBC had to cancel the initial attempts C made due to a lack of funds and had to reverse the foreign exchange deals that had been booked by the bank for these payments. HSBC experienced foreign exchange losses because of this and C complained that the bank passed these losses onto C.

HSBC couldn't explain what caused the delay, but later pointed to security checks as the reason. The bank initially offered C £50 compensation because it recognised that it didn't give C clear information on why the initial transfers didn't complete straight away. HSBC says that C shouldn't have made further attempts at transferring the funds while the initial payment was pending. HSBC didn't agree that it was solely responsible for the losses C had to cover and offered to contribute £3,000 towards the costs. C didn't agree and asked this service for an independent review of the complaint.

One of our investigators decided that HSBC should cover all of C's losses – which includes the difference in the transfer value because the exchange rate had changed, as well as the foreign exchange losses HSBC asked C to pay for. The investigator felt that C acted reasonably when it made multiple attempts to transfer the funds and that the bank acted unfairly when it couldn't give a clear reason for the delay.

HSBC didn't agree and pointed to its cut-off time for such payments. Because the bank didn't agree, the complaint has been passed to me to decide.

Timeline:

Date/Time	Value	Comments
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4 April 2022 15:54	€1,900,000	Referred to as “transfer A”, payment later cancelled.
5 April 2022 12:06	€1,900,000	Referred to as “transfer B”, payment later cancelled.
5 April 2022 12:36	€100,000	Referred to as “transfer C”, successful payment.
5 April 2022 12:59	n/a	C called relationship manager and spoke to business banking team.
6 April 2022 11:05	€1,800,000	Referred to as “transfer D”, successful payment.

My provisional findings

I recently issued my provisional decision. In summary, I said:

- C initiated two additional transfers before transfer A had been processed. The information C was presented with at the time was enough to inform C that transfer A was due to be processed the next day. Moreover, the bank’s terms indicate that C had missed the relevant cut-off time for transfer A to be processed the same day. So I concluded that it was unreasonable for C to have attempted further transfers until it knew whether transfer A had been processed or that it failed.
- When C contacted HSBC, the bank informed C that the transfers couldn’t be cancelled but it couldn’t explain why there was a delay. C went on to initiate a further transfer too, and I concluded that this was unreasonable for C to have done so, given the information the bank had provided in the call.
- Although I’d concluded that the bank hadn’t caused any unreasonable delays in processing the transfers, I did comment that it was unclear why the initial transactions didn’t appear on C’s statements, despite HSBC saying that all three had been released on 5 April. Only transfer C and transfer D seem to have gone through successfully.
- C experienced losses because it couldn’t take advantage of the more favourable exchange rate that was available when transfer A was initiated. HSBC also passed on foreign exchange losses to C because it had to cancel the first two payments. I’d concluded that these losses weren’t because of something HSBC had done wrong.
- I also acknowledged the lack of clarity offered by HSBC to C around the time, but agreed that the compensation offer the bank had put forward was a fair resolution to this complaint.

HSBC accepted my provisional findings. C accepted it acted with haste when it initiated multiple transfers around the same time. However, C put forward a valid query asking why transfer C went through successfully, ahead of transfer A and transfer B – despite all three being released on 5 April.

I asked HSBC to look into this further and informed the bank that I'm minded to make an award, if it was unable to provide a reasonable explanation. HSBC couldn't provide an explanation within the timescale I had set. So I've moved forward with my final 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.

Having done so, I've decided to uphold this complaint in part.

In its original submission, HSBC told us that transfers A, B & C were processed as follows:

- Transfer A – 5 April 2022 17:30, released as per checks
- Transfer B – 5 April 2022 18:45, released as per checks
- Transfer C – 5 April 2022 18:49, released as per checks

HSBC hasn't been able to explain why transfer C successfully processed ahead of the former transfers, despite being released around an hour later than the first two that C had initiated. Without any other reasonable explanation, I can only fairly conclude that HSBC incorrectly allowed transfer C to go through ahead of transfer A. Had the bank correctly processed transfer A, it seems likely to me that this payment would've gone through successfully, as C had sufficient funds in its account at the time.

Transfer D was initiated the day after the first three transfers had been released, but again this payment was successful ahead of the others. And this leads me to conclude that something went wrong, even though HSBC hasn't been able to explain what this may have been.

Had HSBC processed transfer A correctly and allowed it to go through ahead of the latter payments, C would've been able to take advantage of the more favourable exchange rate that was available at the time. C says it lost out on around £10,000 because transfer A wasn't processed correctly, so I'll be asking HSBC to reimburse this loss.

I'm still of the view that C unreasonably initiated multiple transfers around the same time. Had C not done so, it seems to me that C would've avoided the costs it incurred when HSBC held C liable for the bank's foreign exchange losses. Even if HSBC had processed transfer A correctly – given that C initiated multiple transfers and that the remaining transfers would've required cancelling, it's likely that C would've still been required to cover the bank's foreign exchange losses. Although I think this is fair, as I've said, transfer A should've processed successfully, so I don't think it's fair that C covers the foreign exchange loss for this payment – even though the payment itself was cancelled.

For these reasons, I've decided that HSBC's wrongdoing caused some of the losses C experienced. So I'm instructing the bank to reimburse C for these losses.

Putting things right

HSBC should've processed transfer A correctly. Because it failed to do so, C was unable to take advantage of a more favourable exchange rate. HSBC later cancelled transfer A and unfairly passed on the foreign exchange loss to C.

To put things right, HSBC should:

- Treat transfer A as if it had processed successfully.

- Calculate the difference in the exchange rate value C received from transfers C and D combined, in comparison to what C would've received for transfer A. HSBC should pay the value of this difference to C, including 8% interest, calculated from the date transfer A was released (5 April 2022) to the date of settlement.
- HSBC should refund the foreign exchange loss it passed on to C for transfer A – I understand this to be €8,524.84 – HSBC should add 8% interest to this, calculated from the date it charged C this figure to the date of settlement.
- I remain of the opinion that the existing compensation of £50 is fair. So if HSBC hasn't paid this to C already, it should now do so.

My final decision

For the reasons I've explained, I'm upholding this complaint in part. If C accepts, HSBC UK Bank Plc should settle this complaint in line with what I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask C to accept or reject my decision before 24 February 2023.

Abdul Ali
Ombudsman