

The complaint

Mr H complains HSBC UK Bank plc (HSBC) incorrectly charged him for a duplicated international payment.

What happened

Mr H says in mid-July 2022, he made an online international payment for £25,000. Mr H says in early August 2022 he had a card payment declined on his HSBC bank account and discovered this was because he had been charged in excess of £3,400 for a duplicated international payment loss, which put his bank account into overdraft. Mr H says he has no recollection of requesting for the international payment to be made twice, particularly as he wouldn't have had the funds to do so.

Mr H says he was never informed of a second payment by HSBC and only ever received a confirmation of the one payment he made, nor was he ever told he would be liable for the cancelled international payment. Mr H says when he initially contacted HSBC an advisor informed him the charges would be refunded but that didn't happen, and he now faces a large overdraft on his personal current account, and he is struggling financially as a result.

Mr H feels HSBC shouldn't have initiated the second payment knowing he had insufficient funds to make this payment and it should refund the foreign exchange rate charges and any interest and charges applied to his account as a result.

HSBC says Mr H did input the international payment twice online and he would have been informed before submitting any payment request, that he could face a loss should the payment not proceed for any reason. HSBC have said the second payment didn't go ahead but Mr H was liable for the loss in the booked exchange rate and any other bank costs relating to the payment not proceeding.

Mr H wasn't happy with HSBC's response and referred the matter to this service.

The investigator looked at all the available information and upheld the complaint. The investigator says there was insufficient evidence to show Mr H had instructed HSBC to make a second payment. The investigator felt HSBC had highlighted the second payment was a possible duplicate and it should have raised further enquiries/assessments before processing the payment, which would have avoided the charges incurred. The investigator highlighted that assessing a potential duplicate payment after payment processing had occurred was futile. The investigator felt Mr H shouldn't suffer the exchange rate loss and this should be refunded along with any bank charges and interest as a direct result of this. In addition, the investigator felt HSBC should pay Mr H £150 for the trouble and upset caused.

HSBC didn't agree with the investigator's view and asked for the matter to be referred to an ombudsman for a final decision.

I sent both sides a provisional decision, where I said :

I've considered all of the evidence and arguments to decide what's fair and reasonable in the

circumstances of this complaint.

Having done so, I have come to a different outcome to that of the investigator and I will explain how I have come to my decision.

I can understand it would have been upsetting for Mr H to be informed his bank account was overdrawn and he was unable to make a transaction due to lack of funds, following a foreign exchange (FX) loss being charged – something he knew nothing about at that time.

When looking at this complaint I will consider if HSBC acted reasonably when it debited Mr H's bank account with a foreign exchange loss, following a duplicated international payment having been instructed.

Both HSBC and Mr H have provided this service with comprehensive details of the course of events here and while that has proved helpful, I won't be commenting on every point made as I don't feel it's necessary in order to come to a full and impartial decision here. That's not to say I haven't considered everything – I have. But it's just that I don't need to comment on each individual point here in order to reach a decision on what's fair and reasonable.

Mr H's complaint centres around two main issues, firstly that he never instructed two international payments of £25,000 to Pakistan in mid-July 2022, as he wouldn't have had the funds to do so. Secondly, the charges that HSBC have deducted in any event were never advised to him and are disproportionate and unfair even if a duplicate payment had been made.

The first thing to say is that I have needed to establish whether in all probability, if Mr H instructed two international payments of £25,000 in mid July 2022, or not. Mr H says he only ever instructed one payment that day and had only received one confirmation advice from HSBC and wasn't ever informed a duplicate payment was attempted and declined, resulting in the FX loss charged to his bank account of over £3,400.

From the information available to me I can't say I'm fully persuaded by Mr H's argument that he never instructed the two payments. I say this because Mr H has provided to this service a screen shot of the £25,000 international payment he says he made to Pakistan on 18 July 2022 and referred to in earlier phone calls he made to HSBC. This screen shot shows a payment with an exchange rate of 249.060387 and this differs from the advice notice he received from HSBC which shows an exchange rate of 248.342029, which Mr H has accepted was correct. So, with that in mind I can only say in all probability Mr H did make the second payment even though he may not recall doing so. It's not clear why a second payment attempt was made by Mr H here other than perhaps he may have believed the first payment he instructed some 36 minutes earlier, hadn't gone through.

What is important is the charge of in excess of £3,400 to Mr H's bank account relates to an FX loss incurred by HSBC when it reversed the second transaction because of lack of funds available to meet that FX contract. So, here there are two parts to the payment instructions, the first part is Mr H entering into a FX contract to purchase the foreign currency and the second is to make the payment having secured the FX rate. Here, as Mr H seems to have inadvertently made a duplicate payment, albeit unintentionally, I can't say that was HSBC's fault. I have looked at the payment process and I can see that during the payment journey, Mr H would have seen on screen at the time of entering into the FX contract, the following alert:

"Important information:

Select continue to accept the rate above, if applicable. If this is cancelled by us, the payee

bank or any other bank used to send the payment and the exchange rate has changed, you could get back less than the original amount. “

HSBC's process is for Mr H to book the exchange rate for the payment he wished to make, as this is required to establish the amount of currency it will send to the beneficiary, and it's for Mr H to ensure that sufficient funds are available to meet that payment – like the first payment he made around half an hour earlier. But here no funds were available to make that second payment and that meant HSBC needed to reverse the FX contract, resulting in the loss Mr H incurred. And while I have some sympathy when Mr H feels this is unjust, that is why the warning notice referred to earlier is in place- after all I am satisfied Mr H instructed both payments on that day.

So, I can't say HSBC's process has meant that Mr H has been treated unfairly here as it would have needed to book the currency before the payment amount could be established and that is understandable. What is important is HSBC provided Mr H with the appropriate warning of potential losses, if the FX trade was cancelled, and here it had little option other than to cancel the transaction due to lack of funds available to meet it. With that in mind I can't hold HSBC responsible for the FX loss it passed on to Mr H, as it would always require its customers to enter into a FX contract before making any international payments, intended or otherwise.

HSBC have accepted the second payment attempt was a potential duplicate, but this was only established after the FX exchange contract was entered into by Mr H, and so it wouldn't be reasonable of me to tell HSBC to alter its process or procedures to accommodate the duplicated payment Mr H seems to have made. HSBC did ultimately notice that the payment was a duplicate and it wasn't actually completed, but by this point – it had already undertaken the actions that it applied a fee for. I don't think it'd be fair in the circumstances here to say that HSBC should have noticed it was a duplicate before it actually did, given what I've said above about its processes and the warnings it provided. It's the FX fees in relation to the exchange contract, applied prior to the payment that HSBC is holding Mr H liable for, and I'm persuaded that it's doing so fairly here.

Having said that, I'm also of the view HSBC could have been clearer with Mr H when the second transaction failed. I haven't seen any evidence to show Mr H was ever told of the cancellation of the second payment he attempted, or formally advised of the FX loss and the amount that would be debited to his bank account as a result. Mr H only learnt of this when he attempted to make a payment from his bank account which would have been confusing and upsetting for him.

Also, at the time Mr H complained about the debit to his bank account, it's clear that initially the customer service member of staff was unaware that two payments had been attempted and then created further confusion by suggesting the successful payment debited to his bank account would be reversed at some point, which wasn't the case. Having listened to a number of telephone call recordings on 3 August 2022, HSBC weren't able to clearly explain to Mr H what the charge of around £3,400 related to and created further confusion suggesting it was a potential fraud when it wasn't. It also seems Mr H spent several hours on the phone trying to get through to the right department and promised return phone calls weren't made, adding to what would have been a stressful time for him. That said after having listened to numerous call recordings, there's no evidence to suggest HSBC ever agreed for the FX loss to be refunded as Mr H says.

That said, given the service errors made by HSBC here and what was in all probability a genuine mistake made by Mr H, while I can't tell HSBC it must absorb the £3,418.12 FX loss here, I feel it's appropriate HSBC show some forbearance and support with regards to his current financial position. So, given Mr H has informed HSBC he would have difficulties

paying back the amount charged for the FX loss, I would expect HSBC to look at Mr H's position positively and sympathetically.

Finally, given Mr H was given misinformation about the international transaction when he queried it with HSBC and it never informed him of the cancellation, nor of any details of the loss he had incurred – it should pay Mr H £150 by way of apology.

While both Mr H and HSBC will be disappointed with my decision, I am satisfied this is a fair outcome.

Both Mr H and HSBC responded to my provisional decision, so the case has been passed back to me to make a 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.

I gave both Mr H and HSBC until 24 March 2023 to accept or reject my provisional decision, HSBC have accepted my provisional decision, but Mr H didn't agree and added further comments for me to consider. Mr H has said that if he had attempted a second payment a security code should have been generated but it wasn't, and that was something his branch manager had also questioned.

I understand the point Mr H makes here but HSBC have told this service that a security code is only generated on the first payment to a new beneficiary. But here Mr H had attempted a second payment and so this wouldn't have generated a security code. As I have said in my provisional decision the screen shot Mr H provided to this service, shows an attempted payment at an exchange rate that matches HSBC's records of the second payment Mr H denies ever making, so it's fair to say a second payment attempt was made here, even if Mr H has no recollection of that.

What's important to say here and as I have said in my provisional decision, Mr H has been charged for the reversal of the foreign exchange contract he entered into prior to the payment being processed by HSBC and I can't tell HSBC it must absorb that cost, as it hasn't made any errors here. Afterall, as I said in my provisional decision Mr H would have been provided with a warning about a potential exchange loss if a payment couldn't be made and unfortunately that is what happened here.

I do understand this has had an impact on Mr H's financial position and that is why I've asked HSBC to show some forbearance and support and look at Mr H's position sympathetically.

With that in mind I see no need to add or alter my provisional decision and so my final decision remains the same.

Putting things right

I instruct HSBC UK Bank plc to pay Mr H £150 by way of compensation for the trouble and upset caused, when it failed to inform him of the exchange rate loss or the cancellation of the second attempted payment.

Given Mr H has informed HSBC UK Bank plc he may have difficulty repaying the amount of the FX fee charged to his bank account, it should show some forbearance and support and look at Mr H's financial position positively and sympathetically.

My final decision

My final decision is that I partially uphold this complaint.

I instruct HSBC UK Bank plc to pay Mr H £150 by way of compensation for the trouble and upset caused, when it failed to inform him of the exchange rate loss or the cancellation of the second attempted payment.

Given Mr H has informed HSBC UK Bank plc he may have difficulty repaying the amount of the FX fee charged to his bank account, it should show some forbearance and support and look at Mr H's financial position positively and sympathetically.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 3 April 2023.

Barry White
Ombudsman