

## **The complaint**

Mrs T complains that HSBC UK Bank Plc (HSBC) caused an exchange loss.

## **What happened**

Mrs T was getting money together to pay for a property renovation. She had a GBP account with HSBC, and a euro currency account. In September 2022, she wanted to send funds (in euros) from her euro currency account to a foreign exchange firm (who I will call A). A's euro account was held with another UK clearing bank (who I will call B). A were then to convert Mrs T's euros to GBP for her to pay builders etc.

On 23 September 2022, she called HSBC about the charges for transfers. On the same day, she called HSBC and made a payment of euro 25,000 to A's euro account with B. On 28 September 2022, she made an online payment of euro 50,000 to A's euro account with B. It was held for fraud checks by HSBC and on 29 September 2022, she spoke to HSBC about the payment. There were three calls on that day.

As a result of what happened on the calls on 29 September 2022, Mrs T cancelled the payment. She then made further payments to A's euro account at B as follows:

6 October 2022 – euro 50,000

10 November 2022 – euro 50,000

11 November 2022 – euro 50,000

14 November 2022 – euro 50,000

Mrs T complained. She said:

- She was told on the calls on 23 September 2022 that a charge would be made for the payments. This wasn't correct and was not what she was told when she opened the euro account.
- She was then told again there would be a charge - on the calls on 29 September 2022 – this again was wrong.
- On the call with HSBC's fraud department on 29 September 2022, she was told the payment was in GBP and from her GBP account. This was a major error and caused her to cancel the payment. She tried to tell HSBC's fraud officer several times that it was a euro payment from her euro account (for euro 50,000) – but she couldn't make her understand.
- A was offering a better euro/GBP exchange rate if she exchanged at least euro 75,000. Because she had only sent euro 25,000 (as HSBC hadn't sent the payment for euro 50,000), she got a worse rate. She said the rate for euro 25,000 was 0.886, and the rate for euro 75,000 was 0.89. She showed the evidence for that provided by A.

- She said she held off making the further payments of euros and because the exchange rate moved against her, she suffered a loss of £2,422.50.
- She suffered a lot of stress and anxiety because of the bad service and errors at HSBC.

HSBC said the payment of euro 50,000 was held for fraud checks. This was in line with HSBC's processes and policy. They apologised for the service Mrs T had on the call on 29 September 2022. When HSBC's fraud team look at a payment, they see a GBP equivalent, which explained the error on the call. But they confirmed Mrs T had wanted to make a euro payment. They apologised for misadvising Mrs T there would be a charge and confirmed that currency payments sent within the EEA are free. HSBC paid compensation of £200.

Mrs T brought her complaint to us. Our investigator said HSBC had acknowledged the errors and paid £200. But he also said HSBC should pay the exchange losses of £873.45 – being the loss because of the payment being made a few days later. He didn't feel that it was fair to ask HSBC to meet further losses through to November 2022 – it was Mrs T's decision to withhold the further payments until then.

Mrs T didn't agree and asked that an ombudsman look at her complaint. She maintained her losses were £2,422.50, and that compensation of £200 wasn't enough for the stress she suffered.

*I reached a provisional decision which said:*

At the outset, let me say that HSBC's decision to hold the payment of euro 50,000 for fraud checks was reasonable – it was part of HSBC's processes to do that to protect the bank and customers from fraud. So – I set that aside. But that's not the crux of Mrs T's complaint.

*Charges for euro payments:* I looked at HSBC's terms and conditions for euro currency accounts. These clearly say there are no charges for euro payments to other UK banks - which Mrs T's payment was. I listened to the calls on 23 September 2022. On two of the calls, Mrs T was told there would be a charge. This were clearly errors.

On the calls on 29 September 2022, the fraud officer told Mrs T several times that there would be a charge. This was a further error. Mrs T then questioned this and told the fraud officer that wasn't correct and that the payment she'd made on 23 September 2022 was free. The fraud officer told Mrs T several times that she had been charged – this was also another error, as she hadn't been.

*Calls on 29 September 2022:* this led to the main complaint from Mrs T. These were calls between Mrs T and HSBC's fraud officer, who was to go through fraud checks before releasing the payment – which was, as I've said, a reasonable thing to do. But – the calls were handled very poorly. Mrs T was told at least five times (on the three calls) that the payment was from her GBP account to A. HSBC's fraud officer said the amount was £47,567.90. But of course – the payment was for euro 50,000 from her euro account.

Mrs T questioned this each time. She asked HSBC's officer for the sort code and account number being debited – and this was clearly her euro account. But – the officer still insisted it was a GBP to euro payment. And – this was in the light of Mrs T having instructed the payment herself – online - from her euro account. And – as Mrs T said on the call, there wasn't enough money in her GBP account to make such a GBP payment. So – I can see why this was so distressing and frustrating for Mrs T.

Mrs T then lost all confidence in the fraud officer and asked that the payment be cancelled.

And although she didn't say this on the call – I think it is reasonable to say she must have been concerned that there would be an exchange rate cost of converting from GBP to euro.

Mrs T asked to speak to a manager but was told that wasn't possible and would need to make a complaint. She was promised a call back within 48 hours about the complaint. This was also an error – as HSBC's process allows for a response within eight weeks. And when HSBC's complaint handler called Mrs T on 3 October 2022 – he advised Mrs T of that.

Mrs T was clearly distressed and upset on the calls on 29 September 2022. I can see why. I think it's reasonable to say she wasn't experienced in such matters and was making the euro payments for the first time. She was making arrangements to renovate her retirement home. So - I can understand why she was so upset.

HSBC made a series of errors regarding the advice there would be a charge – she was mistakenly told twice on earlier calls, and then repeatedly on the 29 September 2022 call – she was again told there would be a charge. And was also told she had been charged for the previous payment – which she clearly hadn't been.

And – I think it is fair for me to say that for HSBC's fraud officer to state that Mrs T was making a GBP payment (on the 29 September 2020 call) was a serious (and basic) error. And it was repeated several times, despite Mrs T trying to correct the call handler. I think because this was such a fundamental mistake and because it (understandably) caused Mrs T such distress, I think an increased payment of compensation of £400 is justified. I know this goes beyond our normal criteria for such an error, but I'm confident this is the right thing to do here – in the circumstances of this complaint.

*Exchange Loss:* Mrs T says she lost on the exchange rate because she needed to get euro 75,000 to A to get a better rate. And she couldn't do that because of what happened. She says she waited to make the further payments – which I can see she did - in November 2022. But I think that was her decision to make. So – I don't think it's reasonable for me to agree to a financial loss on all the payments assuming she made them in November 2022. But it is fair to calculate a loss on the one payment of euro 50,000 - which was delayed from 28 September 2022 to 6 October 2022.

HSBC calculated the loss as £873.45 – because of the delay in making the payment. And have agreed to pay it. So – I agree with that.

#### Responses to the provisional decision:

HSBC said they'd not calculated the exchange loss as I had stated. They said Mrs T didn't suffer an exchange loss – as the payment was from a euro account to another euro account. Mrs T said her losses were more than £873, but she accepted the provisional decision.

I now need to consider these comments.

#### **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 accept that HSBC didn't calculate the exchange loss. But – there was a loss as Mrs T evidenced that she was to get the exchange firm (A) to buy GBP with the euros to be transferred. The 'loss' of £873 was worked out by our investigator and was for the period from 28 September 2022 to 6 October 2022.

I've considered Mrs T's comments about further losses – but as the provisional decision set out, I don't think it's reasonable to ask HSBC to pay any further losses beyond 6 October 2022 – as it was Mrs T's decision to delay the further payments after that.

Therefore, my final decision is in line with the provisional decision.

### **My final decision**

I uphold this complaint. HSBC UK Bank Plc must:

- Pay compensation of £400 for distress and inconvenience. This is in addition to the £200 already paid.
- Pay £873.45 – being the exchange loss on the transaction.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs T to accept or reject my decision before 17 July 2023.

Martin Lord  
**Ombudsman**