

The complaint

Mr and Mrs T complain that they were wrongly advised by HSBC about the information required to receive a transfer of money in dollars. As a result the transfer was sent back and, when received again, at a lower exchange rate. They further complain that HSBC failed to advise them about the exchange rates it applied.

What happened

In October 2022 Mr T called HSBC's international payment division about the steps he needed to take to receive a payment of \$339,000 into his account. He was told, over the course of two phone calls, that he needed to provide the SWIFT code. He was further told that the dollars would be converted into £ sterling at the exchange rate that applied at the time. Whilst he mentioned providing his account number, he wasn't specifically told he needed to provide the IBAN (international bank account number) to the transferring party.

Mr T went ahead and requested for the transfer to take place. He was asked about his IBAN but as he was driving at the time he asked for the money to be transferred without it, believing that having provided his account number, it wasn't necessary. When the money arrived, it was sent back (on 1 November 2022) as it didn't have the correct IBAN on it. After Mr T gave the correct IBAN, the money was resent and credited to the joint account on 18 November. However due to a change in the exchange rate, the amount received was less than if it had been received on 1 November.

HSBC agreed that Mr T should have been informed about the IBAN. It paid Mr and Mrs T £300 for distress and inconvenience. It also credited £5,283.82 to their account. This was the difference between the exchange rate that would have been applied by HSBC on 1 November and that which applied on 18 November 2022.

Mr T wasn't happy with this. He felt that HSBC's exchange rate was very much lower than he could have obtained on the market and that as the money would have taken four days to clear an average of the exchange rate applied over those four days should be paid. He believes the payment is short by over £13,400.

On referral to the Financial Ombudsman Service our Investigator said that HSBC had acted reasonably.

Mr T didn't agree. He said that what hadn't been addressed was the hidden excessive loss caused by HSBC using its own exchange rate. He believes HSBC should have explained this to him. He also felt that the fairest way to apply the exchange rate would be to take an average over the four days he believes under normal circumstances it would have taken to reach the account.

I issued a provisional decision. In it I said that although I agreed with the Investigator's findings, HSBC should also pay interest to reflect the delay in the funds reaching Mr and Mrs T's account.

HSBC accepted my provisional findings.

Mr and Mrs T didn't accept my findings. Mr T said that he understood from HSBC that he would only be charged £5. This was not the case as he was charged two fees - £5 and (as I understand it) the fee arising from the exchange rate used. He doesn't accept that HSBC couldn't have told him this.

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.

My provisional findings are set out below, in italics:

“When Mr T spoke to HSBC on 21 October 2022 the reasons for his enquiry were 1) to find out what information he needed to provide to carry out the transfer 2) whether the money could be transferred in dollars to his account and 3) what the fees were for transferring the money and if the exchange rate that applied was whatever it was on the date of transfer.

In respect of the information Mr T needed to supply the transferring bank, in the calls of 21 and 22 October I don't think it was made clear to him that he needed to supply not his UK account number but his IBAN. Because this wasn't supplied Mr and Mrs T were put through an anxious wait while they waited to find out what happened to their money. Because of this, recognising that it was at fault, HSBC paid Mr and Mrs T £300 compensation. I think bearing in mind our awards of compensation in similar cases, this was fair and reasonable.

Mr T was advised of the £5 fee applicable. Though he was later told this fee only applied if HSBC carried out the transfer and that different fees might be applied by the sending bank, I note that he was charged £5. In respect of the exchange rate in my view Mr T wasn't making the call to find out what it would be as he was clearly aware that the rate might fluctuate. But I don't think he was requesting details of the likely rate.

I don't think that HSBC was obliged to tell Mr T about its likely exchange rate and how that compared with others.

When HSBC received, and sent back the payment of \$339,634.10 on 1 November 2022, the exchange rate was 1.1829966 (dollars to the pound). This equated to £287,096.43. When it was received again on 18 November the rate was 1.2051770 equating to £281,812.61. HSBC paid the difference to Mr and Mrs T of £5,283.82. Its rates were based on its spot rate for the day. Mr T believes he had agreed with HSBC that the average rate over three days would be used and whilst I note that certainly was discussed, I don't think there was any agreement made that that would be the case. And no actual rates were discussed or confirmed.

I'm aware that Mr T thinks the prevailing market rate should have been applied but there is no such rate. HSBC has made a commercial decision as to the rate it uses. It doesn't charge a commission, and whilst its rates aren't the best obtainable they are comparable to other banks, and Mr T was free to check what other rates were available. Indeed I note that he had a currency exchange company lined up to receive and exchange the money but chose to proceed with HSBC.

I have to look at what would have happened if the transfer had gone through as planned. In that event Mr and Mrs T would have received £287,096.43 on 1 November 2022 (being the date HSBC returned the transfer). Instead they received £281,812.61 on 18 November and the balance on 1 December 2022. So they have lost out on the interest they would have

earned on that money. Mr T said in one of the calls that he would be putting the funds on deposit. For that reason I think that HSBC should pay interest for the period Mr and Mrs T were without the money.

In respect of the way their complaint was handled, some of HSBC's follow up letters to its final response letter were a bit blunt, but overall I think it acted reasonably."

As regards Mr T's response, the letter advising Mr T of the credit on 18 November 2022 set out the amount actually charged as £5. I'm not aware that there were any other fees, though I have assumed by two fees being charged Mr T is referring to HSBC's exchange rate, which is not an additional fee, and I refer back to my provisional findings in that respect.

Having said that I agree that the information given to Mr T about fees wasn't clear. He was told a £5 charge would be applied, but was later told that that fee was only applicable to transfers of money *from* his account outside the EU. He was also told (at that later date) that receiving monies in was difficult to judge as HSBC doesn't have details of the other bank's charges and exchange rates. I'm not aware that Mr T was charged any fee by the sending bank, though if he was he would have been charged that in any event. From HSBC's point of view it told him he would be charged £5, which he was. So I don't intend to require HSBC to take any other action in that respect.

I remain persuaded by my provisional findings. Those findings are now final and form part of this final decision.

Putting things right

HSBC should pay to Mr and Mrs T:

- Simple interest* at the yearly rate of 8% on £287,096.43 for the period 1 November until 18 November 2022 (17 days).
- Simple interest* at the yearly rate of 8% on £5,283.82 for the period 18 November until 1 December 2022 (13 days).

*HM Revenue & Customs requires HSBC to deduct tax from any award of interest. It must give Mr and Mrs T a certificate showing how much tax has been taken off if they ask for one.

My final decision

I uphold the complaint in part and require HSBC UK Bank Plc to provide the remedy set out under "Putting things right" above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs T to accept or reject my decision before 31 August 2023.

Ray Lawley
Ombudsman