

## **The complaint**

Ms T complains HSBC UK Bank plc (HSBC) unfairly charged her for a foreign exchange loss.

## **What happened**

Ms T says in early May 2023 she attempted to make a transfer for US\$ 50,000 to her spouses US\$ account, both accounts held with HSBC. Ms T says her US\$ account was then debited with a sum of US\$ 1,144.69 in mid-May 2023.

Ms T says she telephoned HSBC's disputes team the following day, who told her it was due to an exchange loss on the transaction she had made for \$50,000. Ms T says she wrote to HSBC to complain about the loss on 18 May 2023 but didn't receive a response until early August 2023.

Ms T says while she may have not paid attention to the details on the payment screen and inadvertently sent the payment in the wrong currency, as this was a transfer between two HSBC US \$ accounts and no transactions were shown on her bank statements, HSBC are profiteering from her mistake as there was no real exchange loss to them.

Ms T wants HSBC to refund the exchange rate loss in addition to the £100 it has paid for the poor service she received.

HSBC says it apologised for the poor service when it took too long to respond to Ms T's complaint about the exchange loss she incurred. HSBC says it hasn't made any errors here as Ms T didn't alter the currency type to the sender, which meant the transfer couldn't go ahead.

HSBC explained prior to sending any currency payments, it first needs to buy or sell the currency from the money markets and here as it had to cancel the payment, the currency had to be sold back which led to a loss.

HSBC says this is explained on the payment screens which Ms T would be familiar with having made previous payments of this kind and is also detailed in the terms and conditions. Ms T wasn't happy with HSBC's response and referred the matter to this service.

The investigator looked at all the available information but didn't uphold the complaint. The investigator says as far as the service HSBC provided was concerned, HSBC should have responded sooner to Ms T but the offer of £100 to compensate her for that was fair.

The investigator felt HSBC acted fairly in charging the exchange loss as it had needed to reverse the US\$ transfer Ms T had incorrectly input online, which resulted in it needing to cancel the foreign exchange trade.

The investigator says HSBC had made it clear on the online screens regarding the exchange rates and its terms and conditions explain what would happen if the transaction for any reason didn't go ahead.

Ms T didn't agree with the investigator's view and asked for the matter to be referred to an ombudsman for 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.

Having done so, I won't be upholding this complaint and I will explain how I have come to my decision.

I can understand it would be upsetting for Ms T to learn she had been charged a foreign exchange loss on a failed US\$ transaction she had made in early May 2023. When looking at this complaint I will consider if HSBC acted fairly when it charged Ms T for the exchange loss here.

Part of Ms T's complaint concerns the time it took HSBC to respond to her letter of 18 May 2023 and I agree that took longer to respond to than it should have, that said HSBC have apologised for that and paid Ms T £100, which I am satisfied is fair.

The main issue Ms T has raised here, concerns the foreign exchange loss she has incurred following a US \$ transfer she attempted to make in early May 2023 for US\$50,000 to her spouses US \$ account also held with HSBC. Both parties are fully aware of this transaction, so I won't repeat what's already been said before, other than Ms T has accepted she made a mistake when inputting the currency, she wanted the payment to be sent in.

Ms T feels even though she had made this mistake, this was a transfer between two HSBC accounts which never went ahead and so HSBC haven't actually experienced a loss and are profiteering from her genuine oversight.

While I understand the point Ms T makes, I'm not fully persuaded by her argument. I say this because when banks like HSBC take instructions to transfer funds from one currency to another, it first needs to carry out a foreign currency trade from the money markets to establish the exchange rate to be used, before the transfer is completed. This is what HSBC have told this service happened on this particular transaction, and it confirmed banks aren't able to store currency to trade.

Here, because Ms T hadn't changed the currency from GBP to USD the transfer couldn't go ahead, and the foreign currency trade therefore had to be reversed - this unfortunately resulted in a loss. So, while Ms T may not agree I'm satisfied HSBC did have to enter into a foreign currency trade before the transfer could be initiated and when this needed to be reversed, for the reasons I have explained, unfortunately a loss occurred which was passed on to Ms T. With that in mind I can't say HSBC have acted unreasonably here.

While Ms T will be disappointed with my decision, I won't be asking anymore of HSBC.

### **My final decision**

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms T to accept or reject my decision before 6 March 2024.

Barry White

**Ombudsman**