

The complaint

Mr D has complained that HSBC UK Bank Plc ("HSBC") is responsible for an international money payment being returned unpaid.

What happened

On 16 July 2023, Mr D sent a large sum of money to an overseas bank account as part of a business transaction. The payment was initially stopped by HSBC, but after Mr D spoke to HSBC on 17 July 2023 it then allowed the payment to be made. HSBC assured Mr D the money would be transferred as he'd successfully completed its security questions.

However, on 7 August 2023 most of the money was transferred back into Mr D's account. However, due to changes in the exchange rate, Mr D received back £542.44 less than he'd sent.

Unhappy with this, Mr D complained to HSBC. HSBC issued a final response to the complaint on 31 July 2023. HSBC apologised for the delay in applying a trace on the money that Mr D had transferred and offered to pay Mr D £200 as compensation. Following this, once the money was transferred back into Mr D's account, HSBC also agreed, as a gesture of goodwill, to reimburse the amount that Mr D lost out on due to the changes in exchange rates. This amounted to £542.44 and was paid by HSBC into Mr D's account on 15 August 2023.

HSBC responded to the complaint again on 31 August 2023. HSBC explained that as Mr D made the initial payment instruction on a non-working day (Sunday) the payment was processed on the following day (once HSBC had completed the security checks). HSBC explained that the Global Money Account had a £50,000 equivalent daily limit when sending money in foreign currencies, so the daily limits on the account had no bearing on why the receiving bank didn't accept the payment.

HSBC explained that the receiving bank stopped the payment due to 'compliance' reasons. HSBC explained that as the receiving bank didn't send any further information to HSBC why it was stopped, HSBC was unable to provide any more information to Mr D as to why the receiving bank did not allow the payment to go through.

HSBC concluded that the reason why the payment was unsuccessful was not because of anything that HSBC had done. So, it said that its offer to pay Mr D £200 compensation and its reimbursement for Mr D's loss due to the change in the exchange rates was a positive outcome for his complaint.

Unhappy with HSBC's response, Mr D referred his complaint to this service. One of our investigators assessed the complaint and they concluded what HSBC had done and offered to do was fair and reasonable in the circumstances. As Mr D did not accept the investigator's assessment, the matter was referred for an ombudsman's 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 reviewed everything, I agree that the offer made by HSBC was fair and reasonable in the circumstances, for broadly the same reasons that the investigator provided. And so, I don't think HSBC needs to do anything more than what it has already offered to do, to put matters right in this case.

Mr D says that he spoke to the receiving bank and was assured by them that it had not rejected his payment. Although I can't comment on the actions of the receiving bank, based on the evidence provided about HSBC's involvement in the payment, I'm satisfied that the reason why Mr D's payment was not successfully received was not because of anything that HSBC had done, and was due to the receiving bank stopping the payment due to carrying out compliance checks. Because of this, I can't reasonably hold HSBC responsible for the actions of the receiving bank or indeed the impact that this matter had on Mr D.

I recognise that Mr D would've liked more information during the process about what exactly was happening with the payment. But as the receiving bank had not provided HSBC with any detailed information, I can't say that HSBC was at fault for not being able to give Mr D more information.

Mr D has objected to HSBC using an intermediary in the payment and has suggested this may've been a reason why the payment was unsuccessful. However, using an intermediary when making an overseas payment is not unusual, so I can't reasonably say that HSBC has done anything wrong or acted unfairly if it chose to use one. I've also not seen anything to suggest that HSBC's decision to use an intermediary had any impact on the payment being unsuccessful.

I note that there was a delay in HSBC applying a trace to the payment when Mr D told HSBC that the money had not been received. I recognise not knowing where the money was would've been distressing for Mr D – especially as it was important to Mr D that the money reached the overseas account as a matter of urgency. However, I can't say that the delay in applying the trace actually added any delay in the payment being processed. As such, I think HSBC's offer to pay Mr D £200 compensation for the delay in applying a trace was fair and reasonable in the circumstances.

So, in summary, whilst I'm sorry to hear about the impact that the failure in the payment had on Mr D, I can't say that HSBC is at fault or that it acted unfairly or unreasonably in processing Mr D's payment. From all the evidence I have seen the payment was returned unpaid as the receiving bank rejected it. Therefore, I can't reasonably say that HSBC should provide compensation to Mr D because of the impact that the unsuccessful payment had on him.

I think that HSBC's gesture of goodwill to reimburse Mr D for the loss he incurred due to the changes in the exchange rate (which it has already paid) was generous in the circumstances. And so, I can't reasonably say that HSBC needs to do anything more than what it has already agreed to do.

Putting things right

To put things right, HSBC needs to (providing it hasn't already) pay:

- £200 compensation for the distress and inconvenience caused by the delay in the payment trace being applied to Mr D's payment.

My final decision

Because of the reasons given above, I uphold this complaint and require HSBC UK Bank Plc to do what I have outlined above, in full and final settlement of this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 11 July 2024.

Thomas White
Ombudsman