

The complaint

Ms K complains that HSBC UK Bank Plc gave her misleading information causing her to lose money when her money was exchanged for local currency in the course of an international transfer.

What happened

In September 2023 Ms K wanted to transfer money to her bank account in Turkey. She carried this out in two online transactions and her intention was to make two payments of £20,000 in pounds sterling (GBP), on consecutive days. The first transfer went through as intended but the second transfer was converted to Turkish lira (TRY), although it was going to a GBP Bank account. As a result her receiving bank couldn't receive the payment as it could only accept GBP.

Ms K contacted HSBC, who advised her that the online transfer form had a default setting of local currency which the customer needed to change if they intended to send the money in any other currency. And as this was a Turkish bank account, the default setting was TRY. Ms K insisted that she hadn't seen the default setting of TRY and/or it was an oversight on her part for not changing it. But she felt that HSBC's information was misleading, as she received a notification that she was carrying out the same transaction as the day before. She had also been contacted by the fraud team in respect of the first transaction and had made it clear that she intended carrying out exactly the same transaction the next day.

HSBC didn't think it had made an error. It explained that the online form had as a default the local currency for the country where the transfer was being sent. It would have been up to Ms K to change that. It also said that before the payment is confirmed, its website displays a summary screen that shows any currency conversions and indicative exchange rates for the customer to review, and states to check the details carefully.

Ms K explained that she had had to convert the money back to GBP, and that due to fluctuating exchange rates, she had lost over £2,500. She also said that HSBC delayed in responding to her complaint and she had to e-mail HSBC's CEO to get an answer.

On Ms K referring her complaint to the Financial Ombudsman Service, she said that she believed that HSBC had not complied with the principles of the Consumer Duty.

On review by our Investigator she said she was unable to recommend the complaint be upheld. This was because she thought the evidence showed that HSBC had not acted incorrectly or made any errors.

Ms K disagreed and the matter has been passed to me for an ombudsman's consideration.

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.

Ms K has mentioned HSBC's obligations to comply with the Consumer Duty, which is a new standard for firms which was introduced by the regulator, the Financial Conduct Authority. It sets a higher standard for firms in terms of how they are interacting with their customers, and it applies to events from 31 July 2023. The Duty does not replace or substitute other applicable rules, guidance or law and doesn't ask firms to act in a way that's incompatible with any legal or regulatory requirements. As I'm required to do, I've had the Consumer Duty in mind when considering Ms K's complaint, along with relevant law and regulations, regulators' rules, guidance and standards, codes of practice and (where appropriate) what I consider to have been good industry practice at the relevant time.

Ms K carried out both transactions entirely online, without assistance from HSBC's staff. I'm aware that she spoke to the fraud team after the first transaction, but that team would only have been concerned whether the transaction was genuine, it wouldn't have had any input into how Ms K completed the online form on the second day.

So I'm concerned to see whether the process gave the customer, in this case Ms K, all the relevant information before she proceeded with the transaction. The form automatically defaults to the currency of the country to which the money is being sent. I think that's reasonable. As for the most part it is recommended that monies be sent in the local currency and it would be unusual to send GBP to a country where it's not the local currency. The form allows the sending currency to be changed, and I'm satisfied that Ms K did that for the first transaction by changing it to GBP.

For the second transaction, having seen the completed form, I think it likely that Ms K didn't change the currency on the form. This means that the form was set to send her money in TRY. The form shows a screen with two boxes - "currency debit account" and "currency you are sending". Below that is shown the exchange rate between GBP and the currency being sent. And the form then says "I want to pay the HSBC UK bank fees." The customer is then invited to accept the transaction as set out, together with any fees charged by HSBC, the payee bank or any other banks used to send the payment. Subsequent screens also show the currency in which the funds are being sent and each time the customer is invited to accept that.

I've considered Ms K's point that a pop up box appeared advising that she was carrying out the same transaction as the day before. But I'm satisfied that, having changed the default setting of local currency, Ms K was shown in several screens showing the currency the payment was being made in. So from the point of view of this being an online transaction, I think that HSBC did give Ms K information she needed, at the right time and it was presented in a way that was clear to understand.

Ms K feels that she was not given adequate support by HSBC when she made her complaint, as it consistently told her that although it was able to recall the transaction she would be charged £25 fees plus the cost of transferring the money back to GBP. I have listened to the phone calls that Ms K made to HSBC after the transaction. I don't think those calls were unsupportive, but as HSBC didn't think it had made an error all it could really do was to offer to recall the payment but advise Ms K that she would be incurring a fee and costs in respect of exchanging the money back.

Ms K has also complained about a charge of £20 that was debited to her account in November 2023. This was after she referred her complaints to this service and after HSBC had provided its final response to Ms K's complaint. Nevertheless we have asked HSBC about it. I understand that this was a fee charged by the intermediary bank. This would be a bank in Turkey that processed the transaction for HSBC. I understand that the online forms advise that further fees could be charged by the payee bank or any other banks used to send the payment but this is not something that HSBC would have had any control over.

Finally Ms K complains of a delay in replying to her complaint which caused her to lose more money in terms of loss of interest. From what I can see, HSBC sent its final response letter to Ms K on 15 September 2023, that is two days after she made the complaint. This was sent by post rather than by e-mail. I accept that she had requested a response by e-mail but she didn't say that she had any problems in receiving post. And I do think that Ms K had already been advised verbally that HSBC had not made an error and she could have still taken action to convert the monies back into GBP.

I do sympathise with Ms K. As she had intended to make the same payment from her account I can see that it would have been easy to skip through the various screens giving her information. But I don't think that HSBC did anything wrong here as the online process did set out exactly what payments she was making and gave opportunities to correct any error particularly in respect of the currency being sent.

My final decision

I don't uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms K to accept or reject my decision before 23 April 2024.

Ray Lawley
Ombudsman