

The complaint

Mrs H complains HSBC UK Bank Plc failed to ensure two international payments reached the intended beneficiary and failed to recall the payments quickly enough. She also complains she was talked to rudely over the phone and wasn't provided sufficient support. She wants compensation for the losses she experienced.

What happened

Mrs H wanted to go on pilgrimage with members of her family. She wanted to purchase a package which she says was being offered by the government of a country outside of the United Kingdom. The package offered lower prices than private packages and had an original deadline of 31 March 2023 by which to apply and make payment.

Mrs H went to her HSBC branch on 29 March 2023 and asked how she could make the payment. HSBC said it could be made through her Global Money Account. The payment was made in US dollars using the payment details Mrs H provided to HSBC.

Unfortunately, after converting pounds to US dollars the amount paid didn't meet the cost of the package. Mrs H says the package required the full amount to be paid in one payment, so she instructed HSBC to make another payment using the same payment details, but this time for the right US dollar amount.

The intended beneficiary didn't receive either payment despite the deadline being extended to 7 April 2023. During this time Mrs H also tried to make payments for the package on behalf of two family members who had sent her funds. HSBC however became concerned about the payments and whether Mrs H was falling victim to a scam, so they didn't act on her instructions.

Both payments HSBC made were held by correspondent banks and never credited the account of the beneficiary.

Mrs H complained to HSBC. She felt they were responsible for her not benefitting from the government package. HSBC responded and said they had sent two payments, but they were not responsible for the payments not reaching the intended beneficiary. They credited her account with £150 to compensate her for a member of branch sending the first payment on Mrs H's device, which they shouldn't have done, and for incorrect information being provided to her about what payments could be made on her Global Money Account.

Eventually both payments were returned to HSBC. The second payment was returned by the relevant correspondent bank in mid-April 2023, and the first payment was returned by the relevant correspondent bank on 24 May 2023, although HSBC only re-credited that payment to Mrs H's account on 2 June 2023

Our investigator upheld Mrs H's complaint in part. They concluded:

- Sending banks often don't have direct relationships with receiving banks when international payments are made. Instead, payments go through one or more correspondent/intermediary banks, and this is what happened with Mrs H's payments.
- Looking at what happened, the second payment was returned by a correspondent bank because they said the account title wasn't included in the payment details. So, according to that bank, the beneficiary's name provided by Mrs H wasn't the name of the account holder. It appeared the name she provided seemed more akin to a payment description.
- The same name had been used for the first payment. So, it was unlikely that either payment would have reached the intended beneficiary. It wasn't then fair to ask HSBC to cover the losses Mrs H incurred when booking her pilgrimage with a private company, or the losses that resulted from changes to the exchange rate.
- There was an unreasonable delay in HSBC re-crediting the first payment to Mrs H's account, particularly given Mrs H expressed how urgently she wanted the funds back. So, HSBC should pay 8% simple interest per annum on the first payment from 24 May 2023 to 2 June 2023. HSBC agreed as a gesture of goodwill to pay this.
- Mrs H says she received poor customer service over the phone, including being spoken to rudely and hung up on. HSBC were able to locate one call she had on 14 April 2023, but the advisor she spoke to didn't speak rudely to her or hang up on her. Mrs H hasn't provided specific dates or times of other calls where she feels she received poor service, so it wasn't reasonable to award further compensation based on the available information.

Mrs H disagreed with the outcome our investigator reached and asked for a final decision by an ombudsman. Her complaint was given to me to decide.

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've decided to uphold Mrs H's complaint in part, but I'm not awarding any further redress beyond what our investigator recommended.

Mrs H very much wanted to benefit from the package she feels was offered by the government of a country outside the United Kingdom. I'm aware she says other persons she knows purchased the package through their banks, and she thinks HSBC must bear some responsibility for her spending more money on a private and less beneficial package. Given the importance of pilgrimage I've no doubt how sensitive and important a matter this is to her and her family. But, after considering all the evidence and information before me, I'm not holding HSBC responsible for her not being able to purchase the package she wanted.

The second payment Mrs H made was returned by the relevant correspondent bank (which her funds needed to pass through to be credited to the intended beneficiary). The reason for the return was the beneficiary's name of the account holder wasn't provided. I understand the name Mrs H provided might have been taken from the information she held, but I agree it sounds more like a payment reference or description rather than the official name of the account holder.

As the name of the account holder appears to have been incorrect, it was unlikely the payments Mrs H wanted to make would have reached their intended destination. So, on balance I'm satisfied that because of the information Mrs H provided to HSBC, it was unlikely the first payment would have reached the beneficiary account. I'm equally satisfied HSBC wouldn't have known the beneficiary's name was incorrect when sending both payments.

International payments often involve correspondent banks when there isn't a direct bank to bank relationship, and each bank in the chain is responsible for checking the payment in line with its own responsibilities. Once the payments were sent HSBC no longer had control over the funds, and they could only try to recover them. I haven't found HSBC acted unfairly or that they made an error when sending Mrs H's payments. It also isn't clear there was another payment method available to Mrs H that the package provider would have accepted.

Mrs H was frustrated that HSBC asked her questions and delayed two subsequent payments she wanted to make on behalf of two family members for the package. I don't find it unreasonable for HSBC to have formed a concern that Mrs H might be falling victim to a scam, given her two previous payments. Banks have important responsibilities to check that their customers aren't falling victim to a scam. But even if HSBC allowed those two payments to be sent without delay, I can't fairly conclude the payments would have reached the intended beneficiary either.

The first payment was returned to HSBC on 24 May 2023, which I understand is a long time after it was sent. But I don't find HSBC were responsible for this delay. However, I do find they ought to have returned the funds to Mrs H straight away once they had possession of them given her express concerns about getting her funds back. I don't find them experiencing delays is a satisfactory reason for her not to have had use of her funds earlier.

Mrs H says she was spoken to rudely over the phone and experienced other poor customer service. Our investigator asked her for more specific information about when these calls took place, but Mrs H didn't provide specific dates and times.

HSBC located one call she had with them. I've listened to that call, and the advisor wasn't rude or unprofessional, although it was clear Mrs H wasn't happy with some of the things she was told about not being able to guarantee the payments could be retrieved or a specific timescale on when they might be. I understand why this kind of message would have been concerning to hear and she was unhappy HSBC couldn't do more, but I am not awarding compensation when she was provided accurate information.

Putting things right

I require HSBC Bank UK Plc to pay 8% simple interest per annum on the balance of the funds they received back from the intermediary bank for the first payment calculated from 24 May 2023 to 2 June 2023. This is to represent the loss of use of the funds from when Mrs H should have received them back. I'm satisfied the £150 which previously credited Mrs H's account is sufficient to also cover the frustration she experienced by HSBC's delay in re-crediting her account.

My final decision

I've decided to uphold Mrs H's complaint. Subject to Mrs H accepting this decision by the deadline, HSBC UK Bank Plc should pay her compensation according to my instruction above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs H to accept or reject my decision before 3 May 2024.

Liam King
Ombudsman