

The complaint

G, a firm, complains that HSBC UK Bank Plc delayed in returning a payment to it and then returned a lower amount than expected.

What happened

G made a payment to an account overseas on 18 November 2022. The payment equated to £153,920.80, using the applicable exchange rate that day. In the event, there was a problem with the name of the beneficiary bank on the transfer, and the payment was returned to HSBC on 22 November 2022. HSBC converted the repayment back into sterling a week later. But it didn't recredit it to G's account until 19 December 2022. And the amount recredited was £150,195.86: £3,724.94 less than the amount paid out.

When G raised the issue of the shortfall, HSBC apologised for the delay returning the money, and it paid G £200 compensation for that. But it said the difference between the amount paid and the amount returned was due to exchange rate movements.

One of our investigators considered the complaint and recommended that it should be upheld in part. He said, in summary, that movements in exchange rates meant that G had actually benefitted from the fact that HSBC didn't convert the payment back to sterling straight away. But HSBC had admitted that the delay in returning the money to G was due to internal delays. So the investigator thought HSBC should pay simple interest on the amount recredited from 29 November 2022 to 19 December 2022, to reflect the fact that G didn't have access to the money during that period.

HSBC told us it accepted the investigator's view. But G asked for the complaint to be considered by an ombudsman, so it's been passed to me.

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.

The payment was returned due to a problem with the name of the beneficiary bank specified in the transfer. HSBC relied on G to provide it with correct bank details for the intended recipient, and I don't consider that HSBC can fairly be held responsible for the fact that the payment was returned. It should, however, have returned the money to G promptly.

HSBC has pointed out that the exchange rate for conversion from the foreign currency back to sterling was more favourable for G on 29 November 2022, when the returned payment was converted, than it would have been on 22 November when HSBC received the payment. The exchange rates applicable at the time show that the amount G received back into its account would have been around £1,700 lower than it actually was if the repayment had been converted to sterling on the day it was received. So I can't say that G lost out financially as a result of any delay in HSBC's part in carrying out the conversion.

But having received and converted the money to sterling, HSBC should have credited it to G's account without delay. HSBC has accepted that it didn't do so, and has explained that the delay in returning the money was due to processing errors on its part. In the meantime, G didn't have use of the money.

Taking everything into account, I agree with the investigator that in the circumstances, it's reasonable to require HSBC to pay simple interest on the amount refunded from 29 November 2022, when the payment was converted into sterling until 19 December 2022, when HSBC credited the money to G's account.

I accept that G was caused some inconvenience in having to chase up what had happened to the payment. But I consider the £200 that HSBC has already paid G to be fair to reflect this.

Putting things right

To put things right, HSBC should pay G simple interest on £150,195.86 at a rate of 8% per year, from 29 November 2022 to 19 December 2022.

My final decision

My decision is that I uphold this complaint in part. In addition to the £200 that it has already paid G, I require HSBC UK Bank Plc to pay interest to G, calculated as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask G to accept or reject my decision before 8 February 2024.

Juliet Collins
Ombudsman