

The complaint

Mr B complains that HSBC UK Bank Plc didn't apply the exchange rate he had been advised of when he transferred euros into his global money account.

What happened

On 31 August 2023 Mr B, through a webchat with HSBC, enquired about receiving a euro currency transfer from abroad into his global money account. In the course of the chat he asked about the mechanics for transferring the money. He was told that the money would be received into his account and automatically converted into pounds sterling (GBP). Mr B also asked whether the funds would be exchanged at the global money account rate and he was told that they would.

When Mr B received the funds on 7 September, he noted that the rate of exchange was lower, by about 1.8%, than the global money account rate which had been quoted to him during the webchat on his banking app. When he queried this he was told that as the funds were set to be received into his global money account, any funds received into the account in a currency other than GBP would be instantly converted at the prevailing rate. This rate is different to that which it offers for funds being sent out from the account. Mr B didn't accept this and insisted that he was told what rate would apply, namely the global money account rate.

On referral to the Financial Ombudsman Service, our Investigator said that the rate Mr B was told about within the webchat was for sending euros and not receiving hence the significant difference in the rate. Having checked the current exchange rates, he didn't think HSBC had made any errors with the rate that was applied when Mr B received the euros.

I issued a provisional decision. In it I said that HSBC had given Mr B misleading information about the applicable exchange rate. As I thought that Mr B would have gone ahead with the transaction anyway had he been informed about the correct exchange rate, I said that HSBC should pay Mr B £50 for the misleading information.

HSBC said it had nothing further to add.

Mr B disagreed. He sent a number of screenshots which showed the rate for him to send Euros from his Global Money account to his Sterling Global Money account. So he says that HSBC applied the wrong rate and should have applied the global money account rate. He further said that the reason he checked with HSBC before transferring the funds is because he knows there are services available to make this transaction at a more competitive rate than the one he eventually got from HSBC. Also that £50 compensation does not reflect the loss he made due to the misinformation provided in the chat session, nor does it compensate him for the time and stress spent fighting with HSBC and dealing with the Ombudsman.

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.

My provisional findings are set out below in italics:

"I have considered the transcript of the online chat on 31 August. In that Mr B asked the following question:

"I just want to know the best way to receive a euro currency transfer from abroad?"

The response was:

If someone will send your Global Money Account from overseas it will convert into GBP.

Later in the chat Mr B asked:

"I just want to make sure the funds are exchanged from euro to sterling at the global money account rate."

The response was:

"It will [name]"

I note that HSBC explained that its live exchange rates update every 40 seconds and that the rate applied would be that set out in Mr B's app at the time of the transfer. I don't think Mr B was given the impression that the actual rate was the figure advised to him in the chat, a week before the transfer. Though I also don't think that that was his issue.

Mr B wanted to carry out a transfer of euros from abroad into his global money account. But the rate he was referred to in the webchat was the global money account rate. The terms and conditions of the account set out that for money sent from "any of [the customer's] HSBC UK accounts to any of your currency balances, in a different currency....We'll convert the money using the HSBC Global Money Exchange Rate at the time you make the payment." (my underlining).

But for a transfer from any HSBC UK account in another person's name or any account outside HSBC UK, in a foreign currency, "....we convert the money to GBP using the HSBC Exchange Rate at the time we receive it." (my underlining).

So, whilst fully accepting that banks and financial institutions will have different rates for buying and selling currency, it does appear to me that Mr B was looking at the exchange rate for transferring funds out of his account rather than receiving them into his account. However equally I don't think the different rates which might apply, and which would apply in respect of his question were made very clear to him in the chat. Mr B specifically asked about the exchange rate for receiving monies into his account from abroad. Yet it appears that he was told that the global money exchange rate would apply to the transaction he was proposing to carry out. Whereas the correct rate to apply was the HSBC exchange rate.

I've thought carefully about what HSBC ought fairly to have done here. Mr B contacted the webchat to ask a question because he wanted to understand the exchange rate that would be applied to a payment he was going to make. The information the adviser gave wasn't clear enough to support him in making an informed decision about what to do next, meaning he came away from the interaction with a misplaced confidence and incorrect understanding of what would happen. The information Mr B asked for was key and went to the heart of what this account is typically used for, so I am not satisfied that what HSBC said went as far as it should have done.

However I also have to consider what Mr B might have done had he known that the applicable rate was the HSBC exchange rate rather than the global money exchange rate. As he already had an HSBC global money account, I think it likely that Mr B would have still gone ahead with the transaction. And as I've said, all financial institutions have different rates for buying and selling currencies.

In respect of the misleading information given to him, I think that HSBC should pay Mr B compensation for his inconvenience, of £50."

The position in Mr B's case, which I think was set out clearly in the chat and in HSBC's subsequent final response letters, is that money was received from an account abroad (not an HSBC global money account) in euros. It was instantly converted into GBP in the same account as per the advice of credit dated 7 September 2023. There was no intermediate transaction.

So it is still my finding that, Mr B received monies into his account in euros and was charged the HSBC rate for receiving monies. As per its terms and conditions this was the HSBC exchange rate rather than the HSBC global money exchange rate. The screenshots that Mr B has provided all refer to the rate when *sending* rather than receiving monies.

I'm still of the view that Mr B was misled about the correct exchange rate that would apply. But whilst I note that he could have used an alternative company to provide a better rate, I'm not persuaded, as Mr B already had an HSBC global money account, that he would have used such a company had he known of the correct exchange rate. I haven't seen any evidence from his exchanges with HSBC that that would have been his intention.

As regards the time spent by Mr B in pursuing his complaint with HSBC and with this service, we don't generally make awards for that, as this is a free service. I think that the award I proposed is appropriate in the circumstances of this case.

So I remain persuaded by my provisional findings, that HSBC should pay Mr B £50 compensation. Those findings are now final and form part of this final decision.

Putting things right

HSBC should pay Mr B £50.

My final decision

I uphold the complaint and require HSBC UK Bank Plc to provide the redress set out above under "Putting things right".

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

Ray Lawley
Ombudsman