

The complaint

Ms W complains that she was wrongly told by HSBC UK Bank Plc that she could open a global money account (GMA), convert pounds (GBP) into Chinese yuan (CNY) and use her card to make payments/withdraw cash in CNY. She wasn't able to do this due to local regulations.

What happened

In March 2023 Ms W went into a branch of HSBC. She explained that she was going to be in China and wanted to know if there was an easy way of accessing cash when she was out there. She says that the branch staff told her she could open a GMA, convert GBP into CNY and then use the card to withdraw cash.

Ms W says that relying on that the branch staff helped her to open the account. She transferred around 49,000 GBP which she exchanged for CNY. She then had to make a payment to a company in China in CNY but when she tried to do this using her card she wasn't able to do so. She then went into the branch again and says that after a couple of hours the staff were able to tell her that due to regulations she wasn't able to make the payment in CNY. Instead she would have to exchange it back into GBP. I understand that the then branch manager as a goodwill gesture agreed to pay Ms W £150 for the inconvenience caused.

Subsequently Ms W went to China and tried to use her card to get cash out. But she wasn't able to do this and discovered from phoning the GMA help desk that again local regulations wouldn't allow it. As a result she has had to convert her money back to GBP resulting in a loss to her of £3,866. She thinks that because she opened the account to carry out the transactions on the basis of what HSBC told her, it should pay this.

HSBC said that in its branches it would only provide information regarding the account and then the onus is on the customer to review the Terms and Conditions before applying for an account. It was unable to agree a bank error had occurred and therefore didn't uphold Ms W's complaint.

Ms W insisted that as the branch manager had provided compensation in respect of the first payment, this was an admission of liability. Our Investigator obtained further information from HSBC. The said branch manager said that neither the branch nor the customer were aware that you actually cannot spend CNY in China due to local laws which he was not overly familiar with. He advised that there is nothing on the GMA to inform that this is the case before making a conversion nor would the staff be aware of such a procedure. He questioned that because of Ms W's nationality she herself might have been aware of this issue. On the question of the £150 payment this was a one-off gesture of goodwill.

I issued a provisional decision. In it I said that because I thought that Ms W was told that she could use the card for CNY cash withdrawals, she was persuaded to transfer a large amount of GBP (around £49,000) and exchange it into CNY. As a consequence Ms W lost £3,866 by exchanging her money and exchanging it back again. I said that HSBC should pay that sum to Ms W with interest and pay her £100 compensation for the distress and inconvenience

caused.

HSBC responded to my provisional findings and said it did not consider this to be a branch error as the customer can still convert funds to CNY.

It further said it had considered the idea of making it into the app journey but didn't consider this to be something it wanted to add more to, as a lot of Chinese nationals that it works with advised it was well known if you lived/worked in China and they felt it unnecessary.

It also said there has always been something on the website, but it was in the extra FAQs which wasn't ideal and wasn't something you would necessarily click into, hence why it was added into the currency list a while ago.

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 set out my provisional findings below, in italics:

"Where the evidence is incomplete or contradictory, as some of it is here, I make my decision based on what I think in my opinion is most likely to have happened.

Firstly I don't think that the initial goodwill payment indicates that HSBC admitted liability. That concerned a payment Ms W made with her card. However HSBC could have recognised at that stage if she couldn't use the card to make payments in CNY, she might not have been able to use it to withdraw cash when in China.

The branch staff didn't make any notes of Ms W's attendance. But from her evidence and surrounding circumstances I do think that she visited the branch in order to find out whether she could have a currency account with HSBC into which she could put CNY and then use the account when in China to take the money out. She has told us that: "I never knew there is a product by HSBC called Global Money Account in the past. Only last year when I visited the branch and was told by the staff about it. In fact I didn't know how to use it, how it works, but the staff assured me it's very simple. Just transfer money into that currency then I can use GMA card in that country just like the normal debit card."

I also note the branch manager's admission that he was unaware that CNY couldn't be used like other currencies on the GMA. I think it likely that the branch staff Ms W spoke to were also unaware of this.

In light of that I do think it likely that when Ms W asked about being able to use CNY, she was told this would be possible. Especially as the GMA is set up so as to hold a number of different foreign currencies. Whilst it's been pointed out to her that when opening the account she was asked to accept the terms and conditions, there is nothing in those terms and conditions which sets out any exception for using CNY. HSBC has sent us the opening screens which a customer will go through in order to open the account, and none of those refer to CNY either. In fact the customer would need to go onto HSBC's website and look up frequently asked questions (FAQs) concerning the GMA to find out the position concerning the use of and conversion into CNY. In view of what I think it was likely that Ms W was told before opening the account and exchanging her money, I don't think it would have been reasonable to expect her to look up the FAQs. Especially as she would have had no reason to think that CNY were treated any differently than other currencies.

So whilst holding a GMA is useful for other currencies, it isn't in respect of CNY. I note that

Ms W held other currencies on the account so it was of use to her. But because I think that she was told that she could use the card for CNY cash withdrawals, she was persuaded to transfer a large amount of GBP (around £49,000) and exchange it into CNY. She has provided her bank statements which shows that she had to convert her CNY back into GBP but as a result of the conversion of the funds both ways overall she has lost £3,866. I think that HSBC should pay that sum to Ms W with interest at 8% a year from 25 June 2023 (which is when she transferred the money back), until payment.

I further think that HSBC should pay Ms W £100 for the distress and inconvenience caused.”

First of all I am considering here Ms W's complaint only, and my findings concern only the circumstances of her complaint. And I have seen nothing that persuades me that she should have known the position concerning holding CNY in an account outside of China. In my view her evidence seems to me to be entirely plausible and reasonable.

I've considered HSBC's point that the branch was not in error because the customer can still convert funds into CNY. But as an ordinary consumer which I think Ms W is, I can't see that there was any benefit to her in holding funds on her GMA in CNY. And I think that it was up to the branch staff to tell her that when she asked about converting her funds to CNY.

I've looked at HSBC's website. The customer still has to click through several screens to find out the information about CNY. And in light of my findings that she was told by the branch staff that she could convert her funds into CNY, and use her card to take out cash in China, I don't think that it would have been reasonable to expect her to find that out. And as HSBC has made a commercial decision not to include warnings about exchanging money into CNY in setting up the app, she wouldn't have found this out before exchanging her money and reasonably relied on what the branch staff told her.

So I'm not persuaded by HSBC's representations that my provisional findings were incorrect. I remain persuaded by those findings which are now final and form part of this final decision.

Putting things right

HSBC should pay Ms W £3,866 plus simple interest* at 8% a year from 25 June 2023 until payment.

It should further pay £100 compensation.

*HM Revenue & Customs may require HSBC to deduct tax from any award of interest. It must give Ms W a certificate showing how much tax has been taken off if she asks for one.

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms W to accept or reject my decision before 17 April 2024.

Ray Lawley
Ombudsman