

The complaint

Mr C complains that HSBC UK Bank PLC has caused him to suffer an exchange rate loss.

What happened

Mr C held a Global Money Account with HSBC. He wanted to deposit €140,000 from his account abroad into the Global Money Account and for the money to be kept in euros. Mr C called HSBC to discuss the transfer. He recalls he was told a transaction in euros was possible without any limit on the amount of funds that could be transferred.

Mr C sent €140,000 from his account abroad and it was deposited into his Global Money Account on 4 October 2023. The money was converted from euros to sterling, giving him just over £119,000. As soon as Mr C discovered what had happened, he contacted HSBC.

HSBC issued its final response on 18 October 2023. It didn't uphold the complaint. HSBC said it had listened to the telephone call Mr C referred to, but was unable to find any evidence of the bank confirming to him that it was possible for the payment to stay in euros.

Mr C referred his complaint to us. He said HSBC was misleading customers. He explained he was not told the money would be converted into pounds. To put things right, he wanted HSBC to convert the money back to €140,000.

When HSBC provided its paperwork to us, it recognised the bank had caused Mr C frustration and that in the phone call it should have reiterated funds received into the Global Money Account from outside HSBC in a currency other than GBP will be converted using the live exchange rate at the time of the conversion. It offered £50 to apologise for the poor service provided. Mr C didn't wish to accept the offer. He said HSBC had caused him to lose £2,650 in this conversion.

One of our Investigators looked into things and recommended the complaint should be upheld. He wasn't persuaded HSBC had done enough to ensure Mr C had a good understanding of the product and how it operated. He didn't think the literature HSBC had provided made it clear to Mr C that incoming payments from outside of HSBC would be converted into pounds. He listened to the phone call between Mr C and the bank, and he didn't think the advisor gave clear responses to Mr C's questions about fees and exchange rates. To put things right, our Investigator recommended that HSBC should now pay Mr C the difference between the amount of euros he'd originally transferred and the amount of euros he would have received if he'd converted the sterling back on 4 October 2023. He worked this out to be a difference of €2,650.

HSBC didn't agree. It said its rate for purchasing euros on 4 October 2023 was higher than the rate the Investigator had applied when reaching his view. It pointed out that Mr C would have received more euro than he'd originally sent if he'd converted it back on that day and it wasn't fair to hold the bank responsible if he'd decided not to do this. It added that any loss was currently hypothetical as Mr C still held the funds in sterling.

As no agreement could be reached, the complaint was referred to me to decide.

My further investigation

When the complaint was referred to me, I had further questions for both parties.

I asked Mr C how he'd worked out his loss to be £2,650 and why he didn't go ahead and convert the funds back to euros. I asked him what he would have done if he'd been told in advance that the funds would be converted to sterling upon receipt.

Mr C explained he'd looked on his mobile banking app to see what would happen if he converted the sterling back to euros through the same HSBC service, but called HSBC customer services when he saw it would lead to a loss of £2,650. He said he had considered using other services, but he had less trust in them.

I asked HSBC for its records to show all the contact between Mr C and the bank at this time as it didn't make sense why HSBC was saying Mr C would have been in a better position if he'd converted the funds back and Mr C was maintaining that he wouldn't have been. If Mr C had been in a better position, I could see no reason why he wouldn't have gone ahead and converted the funds back into euros at that time.

HSBC provided call recordings of two conversations that took place on 5 October 2023 and a further conversation that took place on 6 October 2023. It had no record of any call taking place on 4 October 2023. I asked Mr C if he'd got any records to show he made a call on 4 October 2023, but he didn't. He said HSBC records all calls so the bank should be able to provide the records. Having listened to these recordings, I thought it was more likely than not that it was 5 October 2023 when Mr C first raised concerns about the amount he'd received because in the call he explains he's only just noticed there's been a problem with the transaction. I asked HSBC about its rates at that time instead to get to the bottom of whether Mr C could have converted the funds back without incurring a loss or not.

HSBC confirmed Mr C would have received fewer euros than he'd originally sent if he'd continued with the conversion on 5 October 2023. The bank highlighted that Mr C hasn't suffered any concrete financial losses yet because the funds have remained in sterling and have been transferred into savings accounts held in GBP. The bank said if Mr C were to move the funds back into euros now and it was less than originally received, it would be willing to pay that difference. It was also willing to provide compensation for the distress and inconvenience caused by the misinformation provided. It left it open to me to consider what I felt would be appropriate to award.

We let Mr C know that HSBC would be willing to provide the difference if he converts the funds into euros now and receives less than the original transfer amount. Mr C wasn't comfortable converting the funds back, He said HSBC had converted his funds to sterling against his will and he did not trust that he would be refunded of any loss. He provided a screenshot from his banking app as of 4 September 2024, which he says clearly shows a consolidated loss of €2,941. He explained the unwanted conversion has caused him financial strain and he would prefer for a formal decision to now be made.

My provisional decision

I issued my provisional decision in September 2024. In it, I explained what I thought HSBC needed to do to put things right. I have included an extract of my findings below:

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Where some evidence might be missing, or doesn't give me the answers to my questions or doesn't match what I'm being told, I must make a decision on balance- in other words, what I think is more likely than not to have happened using the evidence I do have and the wider facts.

Mr C has been very clear that his intention was for the funds to remain in euros. He received the sterling equivalent of the euro amount at that time, but this is not what he wanted or expected to happen. Mr C hadn't held the Global Money Account for very long. I've looked at the paperwork he would have received when he set the account up to see how it explained the key information and features.

The welcome letter for the Global Money Account which was sent to Mr C when he opened the account at the end of June 2023 does not say funds coming in from outside HSBC will be converted to sterling. The information at a glance describes the account as a "multi-currency account for sending, spending or exchanging currency abroad" which broadly aligns with what Mr C was trying to do.

The pivotal information about funds being converted to GBP was contained on page 4 of the account's terms and conditions, but it was easy to miss. The examples in the table that explain how paying money into the Global Money Account works all start with money from any HSBC UK account. I don't think it would have been immediately obvious to Mr C that funds coming into the Global Money Account from any account outside of HSBC UK in a foreign currency would be converted to pounds. This is an important detail and I consider it was not made prominent enough in the welcome letter or the terms and conditions that I have seen.

I've listened carefully to the phone call Mr C had with HSBC before the transfer was made, as this presented an opportunity to clarify with him how the account worked and explain what he would need to do to keep the funds in euros as he wished. But 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. During the conversation, they say:

Mr C: Do I pay a fee when I exchange money from one account/ one currency to another?

Adviser: No because you're transferring the amount from Italy. So, let's say if it's €500 for example, you're transferring this to your euros wallet – your Global Money Account – so that's considered as a currency account as well. So there no any kind of fee to be applied [sic]

Mr C: Okay

Adviser: As long as you're transferring directly to your GMA there's no type of fee – that's not a problem at all. Only the Exchange Rate if there is any kind of other currencies – if you're transferring to the Sterling Account –there will, going to be calculated according to the current exchange rate

Mr C: Okay

The information Mr C asked for was key and went to the heart of what he wanted to do, so I am not satisfied what HSBC said went as far as it should have done. I can also see why Mr C left that conversation with the impression that he could transfer euros from his account abroad straight into the euro wallet in his Global Money Account.

As I don't think HSBC did enough to explain to Mr C how the account worked and what the

implications of transferring in euros from abroad would be, I've gone on to think about whether he has lost out, and, if he has, what would be a fair and reasonable way to put things right. The extent of the loss he has suffered as a result very much depends on what he would most likely have chosen to do had he understood how the Global Money Account worked. Mr C has been adamant throughout the complaint that he wanted the funds to remain in euros, so I think it is more likely than not that he would have found a way to have facilitated that. I'm mindful it would have been possible to achieve this through HSBC in specific circumstances, one of which being when funds are routed through a different type of HSBC account first.

Putting things right

The advice of credit letter HSBC sent to Mr C to confirm receipt of the funds shows HSBC received €139,918.50 and converted it into £119,280.73. The SWIFT payment confirmation I've seen shows two charges amounting to €81.50 were deducted by either the sending bank or a previous bank in the transaction chain.

I accept Mr C would have received fewer euros than HSBC originally received had he converted the money back into euros when he contacted the bank on 5 October 2023. I do understand why he was reluctant to go ahead with the conversion at that point in time, especially as he didn't have any assurance that HSBC would cover any difference. But whilst it is possible to work out how much Mr C would have lost had he converted the funds back on that day, I'm mindful that from what both parties have said, the funds have remained in pounds since. Whilst there is the potential for a loss, that loss has not yet been crystallised unless or until the conversion happens.

HSBC has already offered to exchange £119,280.73 of Mr C's funds from the initial transfer to €139,918.50. This would put Mr C back into the position he wanted to be in, which doesn't feel like an unreasonable way to move forwards. I am unable to fairly say that HSBC should have to pay Mr C the loss as it would have been on 5 October 2023 as a lump sum. That could put him in a better position overall, as he would have a lump sum amount as well as the potential for the sterling to be worth more should he choose to convert it at a future date. It wouldn't be fair and reasonable for him to be able to benefit twice.

Mr C has provided a screenshot of his mobile banking app from 4 September 2024 to support his financial loss. But the screenshot shows that someone converting £119,280 on that day would have received €141,059.53. If Mr C were to make the conversion and £119,280.73 results in more than €139,918.50, there would be no shortfall for HSBC to make up.

Neither side has suggested it would not be possible for Mr C to move the funds back from his savings, so Mr C now needs to decide whether he would like to transfer the funds into euros or not. If Mr C opts to keep the funds in pounds, he won't be able to ask the bank to make up any shortfall at a future date as we are unable to keep the case running indefinitely.

Come what may, HSBC has recognised that it could and should have provided a better service to Mr C and done more to assist him. The information provided to him when the account was opened didn't clearly and prominently explain this significant limitation and the conversation he had with the bank before the transfer was made didn't highlight it either. HSBC initially offered £50 to recognise the distress and inconvenience Mr C has been caused. But I felt this offer was light and didn't go far enough to recognise the impact matters have had on Mr C. I consider £250 compensation for the inconvenience to be more appropriate.

In summary, HSBC are willing to:

- exchange £119,280.73 of Mr C's funds from the initial transfer to €139,918.50
- pay £250.00 in compensation to recognise the distress and inconvenience caused

Responses to my provisional decision

HSBC responded to say it is unable to complete the transfer on Mr C's behalf and he would need to convert the funds to euros should he wish for this to be the way forwards. It pointed out the relevant terms and conditions would apply relating to the accounts in which the funds are currently held.

Mr C said it was not clear what the provisional decision actually was, other than asking him to revert the funds back. He said this would lead to a double loss, the one he had in 2023 and another potential loss if he proceeds with the conversion.

I asked HSBC where the funds are currently held and whether they were tied up for a period of time. I suggested that if Mr C's funds were in a fixed term account, I would be minded to say that he should convert them back to euros within one month of maturity and HSBC will then make up any shortfall.

HSBC confirmed that the funds were due to mature on 14 November 2024. The bank pointed out that its Global Money Account is a non-interest bearing account and suggested that Mr C had gained interest on these funds which should be taken into consideration. The bank indicated that any interest accrued whilst the funds were held in GBP should be deducted from any shortfall amount payable to Mr C.

Mr C said he did not intend to revert the funds back to euro using HSBC's services.

As both parties have had the opportunity to consider and respond to my provisional decision, I now need to decide the case to bring ongoing matters to a close.

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 summarised the further submissions above, but I assure the parties I've carefully read and considered everything that's been sent in response to my provisional decision, and I've reconsidered all the previous information we've been sent by both parties. Having done so, I still consider that HSBC has proposed a fair way forward that would put Mr C back in the position he would have otherwise been in had the information about how the Global Money Account operated been clearer.

I've thought carefully about what Mr C has said about incurring a double loss. Whilst I understand the point he is making, I don't agree that he has lost out in this way. The currency conversions Mr C has referred to show a position as a snapshot in time, and no loss or gain is actualised until the funds are actually converted back to euros. HSBC's offer to make up any shortfall once the position is crystalised would put right any actual financial loss that Mr C could go on to suffer.

Putting things right

In summary, HSBC are willing to:

- exchange £119,280.73 of Mr C's funds from the initial transfer to €139,918.50

The funds are currently held in a fixed term savings account that is due to mature on 14 November 2024. If Mr C still wishes for the funds to be held in euros, he must convert them back using his Global Money Account and he should do so before 14 December 2024. If Mr C receives less than €139,918.50, HSBC has agreed it will make up the shortfall. HSBC is entitled to take into account the interest that has been earned on the funds whilst they have been held in sterling. If Mr C decides to convert the funds back to euros and there is a shortfall, but it is less than the amount of interest Mr C has earned on the money in the interim, HSBC would not need to pay anything because Mr C would not be worse off overall.

- pay £250.00 in compensation to recognise the distress and inconvenience caused

My final decision

For the reasons set out here, and in my provisional decision, my final decision is that I uphold this complaint. HSBC UK Bank Plc should put things right in the way I've outlined above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 18 November 2024.

Claire Marsh
Ombudsman