

## **The complaint**

Mr T complains about the exchange rate HSBC UK Bank Plc used when he transferred funds from an international account to his HSBC global account.

## **What happened**

Mr T transferred funds from his US bank account to his HSBC global account in the UK. Upon transfer, the funds were converted from US dollars to pound sterling. Mr T complained to HSBC because he said he noticed a significant discrepancy between the exchange rate it used and the exchange rate he found from other sources for that day.

Mr T said HSBC's webpage states that customers could send money internationally without fees. He also said HSBC didn't disclose additional fees and he expected a fair and transparent currency conversion.

HSBC said it correctly converted Mr T's funds to pound sterling. It said its exchange rate pricing is derived from a live interbank market rate, typically for transactions over two million euros, with a retail margin applied. It said its margins are internal policy that are not disclosed to customers. HSBC also said the rate Mr T would have seen online is not the same rate he would receive.

Mr T brought his complaint to our service. He said he found the information HSBC provides on its website to be misleading and not transparent. He would like HSBC to change the wording on its website and recalculate the transaction with the current daily, competitive and fair foreign exchange rate.

Our investigator didn't think the complaint should be upheld. They thought the money was converted in line with the account terms and conditions. Our investigator said HSBC's website and terms and conditions don't indicate that money would be converted at the interbank rate, which is often the rates seen online. Our investigator also thought HSBC is entitled not to disclose commercially sensitive information about the margins it applies. Mr T didn't accept our investigator's opinion. He says the difference between exchange rates seems unduly elevated. He says the application of HSBC's margins without transparent disclosure, potentially with the aim of imbuing marketing material with the impression that the global account offers superior rates compared to those available at other banks, warrants scrutiny.

As an agreement couldn't be reached, the complaint has been passed 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.

Having done so, I've reached the same outcome as our investigator and for similar reasons.

What I must consider here, is whether HSBC carried out the transaction correctly and

treated Mr T fairly and reasonably in the circumstances of this complaint.

I think it's helpful to highlight that the exchange rates one might see online is an indication of what rates might be and is subject to change. Furthermore, HSBC – like all currency exchange providers, is not bound by these rates. It is entitled to set its own exchange rates. And often the exchange rates offered by banks differ to those found when carrying out general research.

Additionally, the margins HSBC applies when setting its exchange rate, is a commercial matter that it is entitled to determine internally. It is not something this service would look to interfere with.

I'm satisfied HSBC has shown the correct sum was deposited into Mr T HSBC global account based on its applicable exchange rate at the time, and Mr T wasn't charged additional fees for this transaction.

I appreciate the exchange rate applied is higher than Mr T had seen in his research. And I understand his frustrations considering the difference between the amount he received in pound sterling, compared to what he expected to receive. As I mentioned, HSBC is allowed to set its own exchange rate. I've reviewed the website and I do not find the information provided to be misleading. Both the website and the terms and conditions of Mr T's account say that the exchange rate used is HSBC's global account rate. And I find the website clearly sets out that its global money exchange rate includes a foreign currency conversion margin.

Mr T thinks HSBC ought to be transparent about the margin it applies to its exchange rate. However, it said its margins are internal policy that are not disclosed to its customers, and I don't find that to be unreasonable. I could not reasonably expect the bank to disclose the exact details of the margins it applies on its website. However, I would expect it to inform Mr T of the exchange rate used in the transaction at the time and I'm satisfied it did so.

Ultimately, I have not found the information HSBC provided Mr T to have been misleading and I'm satisfied it treated him fairly and reasonably in the circumstances. As such, I don't find it needs to do anything differently here.

### **My final decision**

For the reasons given, my final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T to accept or reject my decision before 25 July 2024.

Oluwatobi Balogun  
**Ombudsman**