The complaint

Mr M complains HSBC UK Bank Plc didn't provide the service it should have in response to his chargeback claim for a debit card transaction being incorrectly processed in USD. He wants HSBC to apologise, his account to be corrected to reflect the GBP cost of his transaction, the foreign currency fee refunded and £50 compensation.

What happened

In October 2023, Mr M made a payment for a holiday. He says that the payment was incorrectly taken by the vendor in USD instead of GBP and he was charged a foreign transaction conversion fee. Mr M raised a chargeback claim with HSBC and said this was rejected without any notice on 10 November 2023 when he received a message that his account was overdrawn. Mr M raised his complaint at that time and said he didn't get a response and so he referred his complaint to this service.

Following contact from this service, HSBC issued a final response dated 29 April 2024. It said that Mr M contacted it on 5 October 2023 about a transaction that had been incorrectly taken in USD and the associated non-sterling transaction fee applied. It said that to investigate the claim it requested a cover letter, complete description of goods/service purchased, expected delivery date and details of attempts to return /cancel. Mr M provided a copy of his booking and how much he was expected to pay. HSBC said this information was insufficient to support the claim and it wrote to Mr M about this on 3 November 2023 and to explain that the temporary refund would be debited from his account.

Our investigator said that although Mr M had provided a copy of the booking confirmation, he hadn't provided evidence that the payment was incorrectly debited in USD. She explained that there are no automatic chargeback rights for consumers, but we'd generally expect a business to raise a chargeback if there was a reasonable prospect of success. She thought that based on the evidence supplied by Mr M, HSBC hadn't done anything wrong by not pursuing the claim as she didn't think it had a reasonable chance of success. Given this she didn't think that HSBC was wrong to remove the temporary credit that had been applied to Mr M's account.

Mr M didn't agree with our investigator's view. He said that as part of his chargeback claim HSBC had seen and acknowledged that the payment had been taken in USD in error. He said he paid online in GBP and there was no mention of USD, but the vendor / vendor's bank inadvertently changed the transaction to USD without his knowledge or authorisation. Given he paid in GBP he said no transaction fee should have been applied. He said that he had provided enough evidence of the claim for it to be taken forward. He provided further evidence to show he had made the transaction in GBP. Mr M also wanted HSBC to explain why it didn't respond to his complaint within the required timeframe.

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.

Mr M made a transaction to pay for a holiday using his HSBC debit card. He has explained that the transaction was made in GBP, but a mistake made by the vendor / vendor's bank meant the payment was taken in USD and because of this HSBC charged a non-sterling transaction fee. Because Mr M made the payment using his debit card, he raised a dispute transaction with HSBC.

HSBC considered Mr M's claim under the chargeback rules. Chargeback is the process by which settlement disputes are resolved between card issuers and merchants under the relevant card scheme (in this case Visa). Before HSBC instigate a chargeback, it is reasonable that it would expect Mr M to have tried to resolve the issue with the merchant. It is also reasonable for it to ask for evidence to support the claim. Chargeback is a voluntary scheme, and we wouldn't expect HSBC to pursue a chargeback if there was little chance of success.

When Mr M raised his claim with HSBC, it categorised this as Mr M being '*charged incorrectly*' and a temporary credit was applied to his account for the disputed transaction amount. Mr M was asked to provide further evidence to support the claim which I find reasonable. HSBC requested that Mr M provide a cover letter detailing what happened and reason for dispute, complete description of good/service purchased, expected delivery date and details and date of attempt to return/ cancel. I note HSBC's comment about not receiving sufficient information, but on the dispute form Mr M had provided details of what had happened and the reason for the dispute. He attached a copy of his holiday booking which showed the dates and described the goods (holiday rental). Mr M hadn't cancelled the holiday and so no evidence of that could be provided.

While Mr M was provided a temporary refund for the full disputed transaction amount, as the holiday was still available to him, this isn't the amount we would expect to be refunded. Instead, as the claim was for an incorrect amount being charged, any claim (as recognised in Mr M's complaint to this service) would be for the additional amount that Mr M had paid for the holiday due to the issue that occurred.

When Mr M completed the dispute transaction form for HSBC the amount he showed as being paid (including the non-sterling transaction fee) was less than the amount due on the attached invoice for the holiday. Based on this I do not find that HSBC was wrong not to raise a claim as there was nothing to show Mr M had lost out due to the issue. He hadn't said that he wasn't able to benefit from the holiday.

Mr M has provided a copy of an email chain to this service which includes an email from the vendor saying that he was undercharged for his holiday because the payment was incorrectly taken in USD rather than GBP. It accepted that this may have resulted in Mr M incurring a transaction fee and said that it had reduced the outstanding amount to reflect this. It set out the outstanding balance as £54.25. I can see that Mr M paid this on 16 October 2023. This brought the total amount he had paid for the holiday (including the non-sterling transaction fee) to slightly more than Mr M should have paid.

I appreciate that the list of evidence HSBC requested didn't ask Mr M to provide evidence of the total amount he had paid, but I think it would have been reasonable for him to provide this to show that he had incurred a loss. I do not have evidence that Mr M did supply this and based on the information he did provide, I do not find that I can say HSBC was wrong not to pursue the claim based on there being insufficient evidence.

Mr M said that his claim was rejected without notice. However, HSBC has provided evidence that it sent Mr M notice that his claim had been rejected on 3 November 2023 and that the credit that had been applied to his account would be reversed seven days later. The reversal

happened on 10 November, so I find that HSBC did provide reasonable notice of this and acted in line with the notice provided.

Mr M has also asked why HSBC didn't respond to his complaint. I have listened to the call that took place on 10 November 2023 on which Mr M asks about why the credit to his account has been reversed. He asks to raise a complaint, but then further discussion takes place about Mr M's disputed transaction and the evidence he had provided. The agent then said that he would see if the dispute could be re-opened. Based on this I do not find it unreasonable that the action taken forward from the call was to see if the dispute could be reopened.

While I understand that Mr M may have wanted a complaint to be raised as well as his dispute re-looked at, and this didn't seem to happen, I cannot say he has been materially disadvantaged by this as he raised his complaint with this service in February 2024 and this was considered.

Taking all of the above into account, I do not uphold this complaint.

My final decision

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 M to accept or reject my decision before 31 December 2024.

Jane Archer
Ombudsman