

The complaint

Mr M complains about the service he received from HSBC UK Bank Plc ("HSBC") when he sent an international payment and the payment was rejected.

What happened

On 31 October 2023 Mr M instructed HSBC to send an international payment of £4,605.64. The payment was rejected and the beneficiary advised that they never received the payment and so Mr M contacted HSBC to trace the funds.

HSBC weren't able to provide a reason for the rejected payment but said it would get back to Mr M in six working days. Having not heard back from HSBC Mr M again chased and was told it would investigate and contact Mr M in 21 days. Once again having not heard from HSBC Mr M got in touch and was told it was still investigating, it informed Mr M that the payment is being traced and provided the tracing reference and would said it would be in touch.

After continually chasing HSBC for an update about where the funds were and not getting a response Mr M raised a complaint with HSBC while in branch on 20 December.

HSBC responded saying it had made several requests for the funds to be returned and are awaiting a response and that its global money team would contact Mr M to update him on the matter.

Mr M was dissatisfied with this and brought his complaint to this service.

HSBC says it chased the beneficiary bank to confirm why the funds were rejected but explained that international payments do not hold guarantees and that it wasn't liable for other banks actions and it didn't have the power to enforce the return of the funds.

HSBC accepted it didn't provide Mr M with an update in the timescales provided but said as it had no new information it was unable to update Mr M with anything. It offered Mr M £50 compensation for the distress and inconvenience this caused which he rejected.

HSBC confirmed the funds totalling £4,271.29 were returned on 12 January 2024 and the drop in value was due to fluctuations in the exchange rate.

HSBC says it followed the customers instruction to send the payment abroad, to the details he provided using the intermediary bank set by the beneficiary bank and so it shouldn't be held liable for any losses incurred.

One of our investigator's looked into Mr M's concerns and thought that HSBC's service should've been better in that it should have updated Mr M regularly in the return of his funds. They thought HSBC should compensate Mr M for the difference in the funds returned plus interest of 8% and £50 for the distress and inconvenience suffered.

HSBC disagreed. It says it's strongly of the stance that it has made no errors and that the errors lie with the external banks or the customer instructions and that it should not be held

liable for their actions. HSBC provided tracking information for the payment showing that the intermediary bank have advised an incorrect account number was the reason for the rejection and that no further information was provided surrounding this.

HSBC maintains that it can't be held responsible for the actions of the intermediary bank that rejected the payment, where that was outside of its control. Nor could it have provided an explanation of what happened when it didn't know and has asked for an ombudsman's decision on the matter.

I issued my provisional decision on 10 September 2024. In my provisional decision, I explained why I was proposing to partially uphold Mr M's complaint. I invited both parties to let me have any further submissions before I reached a final decision and HSBC have accepted my provisional decision and Mr M hasn't offered any new information.

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.

In my provisional decision I said that:

"My role is to look at the problems Mr M has experienced and see if HSBC has done anything wrong. If it has, I would seek – if possible - to put Mr M back in the position he would've been in if the mistakes hadn't happened and I may award compensation that I think is fair.

And after considering everything – and I know this will come as a disappointment – I'm currently minded to partially uphold this complaint.

In terms of the payment itself here - intermediary banks are often part of any process to transfer funds internationally where a direct relationship is not found between the two parties – the sender and the recipient bank where the beneficiary's account is held. Mr M may not have appreciated this, but this is part of the process HSBC and other banks use to make international payments.

A worldwide bank system called bank check determines the intermediary bank preferred by the receiving bank, who it also has a relationship with to issue the funds. The receiving bank delegates its intermediary for each currency for receiving payments and HSBC issues the payment via them – it is the receiving banks responsibility to ensure this system is up to date and that the intermediary bank follows its instruction.

From the evidence I've seen, I think HSBC made the payment correctly and in-line with its usual process for doing so. The path of the payment means that it went from HSBC to the intermediary bank appointed by the receiving bank. That intermediary was acting on behalf of the receiving bank rather than HSBC, so it wouldn't be fair for me to hold HSBC liable for any actions it may have taken.

The evidence shows that it was the receiver bank that rejected the payment which the intermediary bank have advised was due to an incorrect account number. And so I've seen nothing in how HSBC handled the payment that persuades me that this rejection was because of anything it did.

I have considered the available information and I can't see that despite HSBC chasing the intermediary bank on numerous occasions that it ever provided HSBC with any further explanation or information about what happened. That means that I think HSBC is

reasonable to say that it couldn't provide any more updates as it did not have any more information to offer. I don't think it'd be fair to expect HSBC to give Mr M information which it did not have.

I also think HSBC acted fairly in trying to help Mr M recover the payment. It took a long time, but HSBC has shown us that it was taking the appropriate steps to help him. Ultimately though – it could only do so much, as it couldn't control when the payment was returned to it, as this was being held by another bank.

But when the funds were eventually returned to HSBC, they were paid to Mr M. The change in value was down to the exchange rate. I am satisfied that this was reasonable and in-line with the terms and conditions of the account where it says when a payment is unable to be actioned or the funds are returned to HSBC, it will apply the live exchange rate at the time of the return and the customer will be liable for any losses or gains incurred.

So I'm currently satisfied that HSBC acted appropriately and in-line with Mr M's instructions in relation to the payment. But I do think its communication with him about the problems with that payment could've been better – especially considering how distressing it must have been to not know if or when the payment would be returned. I appreciate HSBC didn't have any further information to provide Mr M, but it repeatedly failed to update him when it said it would which resulted in Mr M attending a branch of HSBC to get an update and raising a complaint.

And so on this basis I currently think HSBC should compensate Mr M £100 for the distress and inconvenience which its shortcomings in service caused him."

As HSBC have accepted my provisional decision and neither party has provided any further evidence or arguments for consideration, I see no reason to depart from the conclusions set out in my provisional decision. It follows that I partially uphold this complaint.

My final decision

For the reasons I've explained, I partially uphold Mr M's complaint against HSBC UK Bank Plc and direct it pay Mr M £100 in compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 22 October 2024.

Caroline Davies
Ombudsman