

## **The complaint**

Miss W complains that HSBC UK Bank Plc has caused her to suffer an exchange rate loss.

## **What happened**

Miss W was due to receive some money from an inheritance. It was to be paid in euros and Miss W wanted it to remain in euros until she was ready to exchange the funds.

Miss W explains she went into branch to ask if there was an account which would be able to accept a deposit in euros without charges. Miss W opened two accounts in the branch at the same time, a Global Money Account and a Currency Account. Miss W says she was told the Global Money Account could receive money in euros and could also convert the funds into sterling when she wished. She says she was told to open the Currency Account to use when travelling.

€22,968.50 was sent to the Global Money Account and converted into £19,346.55. Miss W says she has lost around £5,000 as a result of this and that she immediately contacted the bank to try and reverse the payment but was told it was not possible.

HSBC looked into the situation, but concluded there had been no bank error. In its final response letter, it said payments into a Currency Account can be received in euros but payments in another currency paid into a Global Money Account would be converted into sterling. It said that Miss W could have transferred foreign currency into the Global Money Account from a HSBC UK account providing both accounts were in her own name. It said the branch colleague did inform her of this information and that the account terms and conditions detail how the Global Money Account can be used.

Miss W complained to us. She said she was very specific from the outset about receiving the funds in euros. She explained that if she'd wanted to convert the funds to sterling, she didn't need to open any new accounts because she could have paid the money straight into her existing HSBC current account and achieved the same outcome.

Our Investigator recommended the complaint should be upheld. She recognised the intention was for funds to first be sent to the Currency Account, and then transferred into the Global Money Account to use overseas. She said the welcome letters and the terms and conditions of the accounts did not make this clear. She agreed Miss W had suffered an exchange rate loss and concluded HSBC needed to refund the loss to put things right. She noted Miss W had worked out the loss to be over €3,600.

HSBC did not agree. It said the funds crediting the Global Money Account had been converted correctly. It explained its terms and conditions make it clear that payments into the Global Money Account from outside of HSBC UK in a foreign currency will be converted to GBP before the funds can be used. 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 suggested to HSBC that opening two similar accounts on the same day invites the opportunity for confusion and financial harm to creep in if information is unclear. I suggested it was almost inevitable that having two welcome letters, both of which make some reference to foreign currency, was going to end in the wrong account being selected at the pivotal moment. I said that whether the branch employee had given the right information on the day of sale or whether Miss W had made a genuine mistake and inadvertently selected the wrong account was an on balance decision. But I invited HSBC to consider whether it had given Miss W clear enough information about the accounts and their features to take away with her.

HSBC responded to say the payment would have remained in euros if it had been paid into the Currency Account. The euros could then have been moved to the Global Money Account to be spent fee free using the debit card. A debit card isn't available with the Currency Account, hence the reason to move the funds to the Global Money Account if wishing to make card payments abroad. The bank said Miss W had used the Global Money Account before the payment in dispute was received, so she had some experience with how the account works. In addition, the bank provided a statement from the colleague that served Miss W in the branch. The branch colleague said they went over how to do the transfer to ensure it didn't get converted into sterling.

I contacted Miss W and asked her to explain how she'd worked out the amount she'd lost. I also asked her why she didn't transfer the balance back to euros when she contacted the bank and tried to reverse the payment.

Miss W replied to say she received €23,840 from the inheritance which when the money was converted from euros to pounds became £19,346.55, a difference of £4493.45. She said this is how she arrived at the estimated figure previously mentioned, but pointed out this does not take the exchange rate into consideration which at the time was 1.18. She said she opened the Global Money Account with the sole intention of keeping the money in euros so that she had funds available when visiting family abroad. She said she has never touched the Currency Account which was obsolete and of no use to her. She said she did not change the money back from pounds to euros as she had been trying to fight to get the money returned since last June. She referred to conversations she'd had on the bank's chat bot but explained she was unable to screenshot them for me as the bank's security does not allow it.

I asked HSBC to send me the chat bot conversations. I also asked HSBC to confirm approximately what its exchange rate would have been at the time Miss W was speaking to the bank almost immediately after the payment in dispute was made.

I contacted Miss W again to clarify where her figure of €23,840 had come from because the payment requisition showed that €22,968.50 had been sent to the Global Money Account. Miss W confirmed the figure of €22,968.50 must be correct and there must have been a bill which came out of the money at some point.

### *My provisional decision*

Earlier this month, I set out my provisional conclusions, a copy of which are included below and form part of this final decision:

*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.*

*Miss W has been very clear that her intention was for the funds to remain in euros. I have no reason to doubt this, and I accept that the accounts Miss W opened in branch could have enabled this objective to be met.*

*HSBC's position is that the branch employee gave Miss W enough information to understand how the accounts worked and what she needed to do. From what I've seen, I think it's more likely than not that Miss W made a genuine mistake and selected the wrong account. I say this because Miss W has explained on a number of occasions during the course of this complaint that she was told the Global Money Account would receive the money in euros and that the Currency Account was good for travelling purposes. This is the inverse of how the two accounts interact together.*

*But I also think that HSBC should put itself in Miss W's shoes. She was recently bereaved, and has told us about the heightened stress she was experiencing at the time of the payment. I'm mindful that what was being proposed is quite a complex transaction requiring two new accounts to be opened and moving the money through multiple stages. Miss W was receiving a large amount of money in euros which she then needed to pay into the Currency Account in order for it to remain in euros, but then transfer the euros into the Global Money Account to use euros with a fee free debit card abroad. Some circumstances can mean the consumers struggle to take in information. For example, stressful circumstances after significant life events such as a bereavement may make consumers more susceptible to harm particularly where communications are unclear or are potentially misleading.*

*I've looked carefully at the paperwork Miss W was given in the branch. I'm mindful that Miss W did not make the transaction until three weeks after she opened the accounts and given all that she was having to deal with at that time, I don't think it would be reasonable to have expected her to have remembered all of the salient details from the branch meeting. But the welcome letter for the Global Money Account 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 Miss W was trying to do.*

*The pivotal information about funds being converted to GBP was contained on page 4 of the 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 "From any HSBC UK account". I'm also mindful that when Miss W had used the Global Money Account on a previous occasion, she had been moving money into it from her existing HSBC account. I don't think it would have been immediately obvious to her that funds coming into the Global Money Account from any account outside of HSBC UK in a foreign currency would be converted to pounds. I think Miss W's personal circumstances left her susceptible to harm if HSBC did not act with an appropriate level of care.*

*As I don't think it is fair to say the responsibility for the payment being made to the wrong account rests squarely on Miss W's shoulders, I've gone on to think about whether she has lost out. It is not in dispute that Miss W contacted HSBC as soon as she discovered the funds had been converted into sterling. But I don't have all of the records of the interactions that took place at that time. HSBC has said it doesn't have records of the calls Miss W made and Miss W's recollections refer to more chat bot conversations than have currently been provided to me.*

*Taking a fair and reasonable view, I consider there was more HSBC could have done to*

*assist when Miss W got in touch. I accept it would not have been possible to reverse the transaction once it had been executed. But HSBC could have explored converting the sterling amount back to euros and supported Miss W by giving her enough information to decide if this was the right thing for her to do. Any potential exchange rate loss by transferring the sterling back to euros is unlikely to have been as far reaching as the amounts Miss W has suggested given how quickly after the payment she contacted the bank.*

*I asked HSBC for information about its historic exchange rates from 30 June 2023 when the disputed payment was made. The bank has provided evidence to show that a payment of £19,346.55 would have equated to €23,160 at the bank's average rate for converting pounds to euros at that time. This means that if Miss W had been offered the opportunity to convert the funds back to euros in line with what she'd originally wanted, she would have ended up more than back where she started, she would have been €191.50 up. I think it's more likely than not that Miss W would have opted to do this if she'd been given the option.*

*As a result, I consider that Miss W would have been €191.50 better off if the bank had given her appropriate information when she got in touch to try and reverse the payment. For this reason, I am currently minded to say that HSBC should pay Miss W either €191.50 into her Global Money Account or £159.97 into her current account if Miss W would prefer the sterling equivalent as it would have been on 30 June 2023. HSBC should also pay simple interest at 8% a year on the amount from 30 June 2023 until the date of settlement.*

#### *Responses to my provisional decision*

HSBC responded to say that it agreed with the provisional decision and had nothing further to add.

Miss W also agreed with the provisional decision. She explained she'd been a loyal customer of HSBC for many years, but after this experience she'd lost faith in a bank she'd previously been very happy with. She indicated her preference was to receive £159.97 plus interest rather than the euro amount.

#### **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.

As both parties have agreed with the recommendations I made in my provisional decision, I see no reason to depart from those conclusions.

#### **Putting things right**

HSBC should now pay Miss W £159.97, plus 8% simple interest on that sum from 30 June 2023 until the date of settlement.

If HSBC considers it is required by HM Revenue & Customs to take off income tax from the interest, it should tell Miss W how much it's taken off. It should also give her a certificate showing this, if she asks for one, so that she can reclaim the tax from HMRC if appropriate.

#### **My final decision**

My final decision is that I uphold this complaint and HSBC UK Bank Plc should now settle the matter in the way I've outlined above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss W to accept or reject my decision before 28 August 2024.

Claire Marsh  
**Ombudsman**