

The complaint

Mr T complains that HSBC UK Bank Plc incorrectly declined a transfer request he made to complete a currency conversion.

What happened

The background to this complaint and my initial conclusions were set out in a provisional decision. I said:

Mr T has a currency account with HSBC and on 18 December 2023 attempted to transfer 500,000 AUD to a third party business (C) that carries out currency conversions. Mr T's explained it was his intention to convert his AUD to GBP and had obtained quotes from C. As part of the instruction process Mr T provided the IBAN and SWIFT codes to HSBC. But when the IBAN was used HSBC found the address linked to the receiving bank was out of date. As a result, the agent Mr T was dealing with declined to process the payment without further investigation. A complaint was raised to investigate the address difference. Mr T has explained he asked HSBC to complete the payment using the IBAN and SWIFT details he'd provided which were correct and confirmed by the exchange business but it declined.

The payment wasn't sent and HSBC issued a final response on 3 January 2024. HSBC advised the address linked to the IBAN was out of date but confirmed the payment could be made using the existing details Mr T originally provided on 18 December 2023. HSBC didn't uphold Mr T's complaint and said its agent was right to hold the payment instead of approving it so didn't agree to cover Mr T's exchange losses.

Mr T's told us he was out of the UK and travelling from 27 December 2023 until 15 January 2023 which meant he was unable to deal with the transfers and associated currency exchange required.

On 7 February 2024 Mr T transferred 100,000 AUD to C which was converted to GBP. On 27 February 2024, Mr T sent a payment of 400,000 AUD to C and it was converted to GBP. On 7 March 2024 Mr T sent 487,000 AUD to C and it was converted to GBP.

Mr T referred his case to this service and told us that in addition to the 500,000 AUD he'd attempted to send on 18 December 2023, he'd intended to quickly send a further 487,000 AUD to C for conversion (which is what he went on to do).

During the investigation, HSBC accepted its agent had been overly cautious when declining to approve the transfer on 18 December 2023 as the address included in the transfer information was only used for referential purposes. Our investigator upheld Mr T's complaint and accepted that once the initial 500,000 AUD transfer had been sent to C for conversion he'd have most likely sent the remaining 487,000 AUD to do the same. Our investigator asked HSBC to pay Mr T the difference between what C would've paid on 18 December 2023 and the final conversion figures he was able to secure in February and March 2024. They also awarded £150 for the distress and inconvenience caused to Mr T.

HSBC initially agreed to proceed. But later said it didn't agree it was fair to ask it to

compensate Mr T's losses for the transfer he made on 7 March 2024 due to the length of time since it had sent its final response on 3 January 2024 that confirmed payments could be made using the details originally provided. Mr T explained that due to shifts in the foreign exchange market and HSBC's final response advising it wasn't willing to cover his losses he'd chosen to wait to see whether the rates recovered – which they failed to do. Mr T added that he wanted HSBC to compensate him for missed savings interest he would've received once the funds were transferred to GBP.

As HSBC didn't accept the investigator's recommendations, Mr T's complaint has been passed to me to make a decision. I reviewed Mr T's case file and asked the investigator to request additional information from him concerning his intentions for the converted funds and what interest rates he would've received. Mr T responded and explained that he'd used £330,000 to place into a savings account with a business I'll refer to as N to receive interest and the rest was transferred to his wife to use.

I contacted Mr T directly and explained that we can only award compensation to the customer of a respondent business. Here, when Mr T transferred the GBP to his wife to invest, the funds were no longer in his possession. And whilst Mr T's wife may have lost out on interest from her savings accounts, we have no powers to tell HSBC to compensate someone who isn't a customer in terms of the account being complained about.

What I've provisionally 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 been reasonably brief in setting out the background above as all parties broadly agree concerning the timeline and key events for Mr T's case. HSBC has ultimately accepted its agent acted in error by declining to approve Mr T's transfer on 18 December 2023 on the basis the address details for the receiving bank didn't appear to be current. As HSBC's confirmed its mistake was the key issue that stopped Mr T's transfer going through, I'm going to focus on how to fairly resolve his complaint and what compensation HSBC needs to pay.

Mr T's explained he had around 987,000 AUD in his currency account with HSBC and following a favourable shift in exchange rates to GBP wanted to make a time sensitive transfer to C which specialises in currency conversions. Mr T sent an initial 500,000 AUD on 18 December 2023 for that purpose. Mr T's also provided evidence from C that gives the indicative rate he would be likely to receive.

I note HSBC's challenged whether Mr T would've got the indicative rate or not. But Mr T's provided evidence that the later trades he made were done in line with the indicative rates he was given by C. And we need to be practical here as Mr T would only have got a confirmation of the rate payable if the trade had been formally instructed and completed. That couldn't happen as HSBC declined to make Mr T's transfer. I'm satisfied the indicative rate from 18 December 2023 Mr T's provided is a reasonable starting point to calculate his losses.

Mr T has explained he was outside for the UK, travelling and unable to undertake the trade until 15 January 2024 when he returned to the UK. I note HSBC's comments that Mr T could've called whilst abroad. But I'm not persuaded it's fair to assume Mr T had access to the information he'd require to complete the transfers and trades whilst abroad. And Mr T was trying to transfer and convert a substantial sum of money which isn't something I'd expect him to be prepared to do whilst away.

HSBC's also pointed out the transfers were immediately sent on Mr T's return on 15 January 2024 and were actually sent on 7 February 2024, 27 February 2024 and 7 March 2024. But at this point, HSBC's final response had already been issued (3 January 2024) that said it wasn't looking to compensate Mr T for exchange losses he had suffered. Mr T's explained that he waited to see whether the markets changed again in his favour. But ultimately had to take the decision to transfer his funds to C and convert them to GBP at a less favourable rate due to the rates not returning to 18 December 2023 levels. Given there was no offer from HSBC to compensate Mr T for his exchange losses, I'm satisfied he was considering how best to proceed and whether rates would move again. I haven't been persuaded that the delay in proceeding with the transfers and currency conversions should mean HSBC isn't liable for Mr T's exchange losses.

Mr T didn't send the full 987,000 AUD transfer to HSBC on 18 December 2023 but has told us it was always his intention to do so once the first transfer was authorised. I accept that's the case. Mr T had 987,000 AUD available in AUD in his HSBC currency account. And he went on to transfer those AUD funds to GBP in the weeks that followed. I wouldn't have expected Mr T to try and send the second transfer to C until the first was successfully approved. And I'm satisfied, on balance, that Mr T would've quickly proceeded with a second transfer of 487,000 AUD if the first transfer of 500,000 AUD had been successfully received by C.

Based on the information I've seen, I intend to tell HSBC to compensate Mr T for the difference in rates from C based on the available rate as noted on 18 December 2023 and the rates he finally received once the transfer and conversion process was completed. Mr T is invited to forward this evidence of the rates he obtained in response to my provisional decision.

Our investigator recently contacted Mr T to obtain details of what he would've done with the funds, had the transfers gone through on 18 December 2023 and been converted to GBP. Mr T's explained that some of the converted sums were transferred on to his wife to place in accounts in her name. Mr T also explained that he had used £330,000 of the converted funds to place into a savings account with a business I'll refer to as N. Mr T has asked for compensation to reflect the lost interest he would've received from N if the funds had been sent to C for exchange at the outset.

As I'm satisfied that if Mr T's ability to deposit his converted GBP into an interest bearing account with N was unreasonably delayed, I agree with his view that HSBC should compensate him for his interest losses.

As noted above, I'm satisfied that if the first transfer of 500,000 AUD had gone through without issue Mr T would've quickly transferred the remaining 487,000 AUD. And I'm satisfied that if everything had gone as it should have, Mr T would've had access to his converted funds around three days after the original transfer instructions were sent. Broadly speaking, I see no reason why Mr T's converted funds wouldn't have been available for him to use by 22 December 2023. So I'm going to use that date as a starting point.

Mr T's shown us he completed the first transfer to N for £30,000 around two weeks after the 7 February 2024 100,000 AUD transfer was completed. But I'm satisfied Mr T had access to that £30,000 from around 11 February 2024. So I intend to tell HSBC to pay Mr T the amount of interest he would've received from N from 22 December 2023 until 11 February 2024.

Mr T made another payment to N for £300,000 in April 2024. But the transfer process was completed by HSBC after Mr T sent payments to C on 27 February 2024 and 7 March 2024. So I'm satisfied Mr T would've had access to the £300,000 he intended to invest by 10

March 2024. In my view, that was the first point Mr T was able to access funds to complete his transfer to N. As a result, I also intend to tell HSBC to compensate Mr T for the interest he would've received if his £300,000 had been paid to N from 22 December 2023 until 10 March 2024.

Mr T's provided evidence that his account with N would've paid him 4.51% interest. So I intend to direct HSBC to pay interest at that rate on the above amounts between the dates noted.

I can see our investigator also asked HSBC to pay Mr T £150 in recognition of the trouble and upset caused. I'm satisfied that figure fairly reflects the impact of the issues raised on Mr T. I'm also going to award Mr T £150 for the distress and inconvenience caused.

I invited both parties to send me any new information or comments they wanted me to consider before I made my final decision. Mr T responded and confirmed he is willing to proceed. Mr T added that he would've liked to have known the final settlement figure before accepting. HSBC confirmed it accepted the settlement I reached in my provisional decision.

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 neither party has provided new information for me to consider, I see no reason to change the conclusions I reached in my provisional decision. I still think Mr T's complaint should be upheld for the same reasons.

I note Mr T wanted to see a final settlement figure. But I've already set out how HSBC should settle Mr T's case, including how his exchange and savings losses should be calculated. If, once the settlement has been confirmed by HSBC, Mr T has concerns that the figure used is wrong he's welcome to come back to us to review it.

My final decision

My decision is that I uphold Mr T's complaint and direct HSBC UK Bank Plc to settle as follows:

- HSBC to pay Mr T the difference between the exchange rate C would've provided on 18 December 2023 and the exchange rates he was able to secure when completing the follow up transfers and conversions (subject to evidence from Mr T)
- HSBC to pay Mr T interest at the savings rate with N of 4.51% on £30,000 from 22 December 2023 to 11 February 2024
- HSBC to pay Mr T interest at the savings rate with N of 4.51% on £300,000 from 22 December 2023 to 10 March 2024
- HSBC to pay Mr T £150 for the distress and inconvenience caused

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T to accept or reject my decision before 17 September 2024.

Marco Manente
Ombudsman