

## The complaint

Mrs G complains that HSBC UK Bank Plc mis-sold her a global money account (GMA) causing her to incur costs in exchange rate conversions over many transactions.

## What happened

In November 2022, Mrs G went into a branch of HSBC. She advised the staff that she was planning to move abroad. She says she was advised to open a GMA because that would be free of fees and charges and costs related to exchange rates. She duly opened the account but after about four months she began to query transactions where she paid for purchases in euros but the payment for this was converted from the GBPs (£ sterling) in her account. She says she made a number of telephone calls to HSBC's advisers but had to spend a long time in those calls without any result. She made a complaint which was unfortunately closed in error by HSBC. She raised her complaint again in March 2024 and eventually spoke to a member of the complaints team.

During a complaint call in April 2024, the adviser explained to Mrs G that members of the branch staff would not have been fully confident about how the product worked or how best to explain it to customers. He did agree that a GMA was not suitable in Mrs G's case. It was an app only account, and when Mrs G made transactions in euros if she did not have enough euros in her euro wallet, the app would have automatically converted the GBPs in her account into euros using HSBC's conversion rate. He further explained that any euros received into the account would automatically have been converted into GBPs. HSBC offered and paid £50 compensation to Mrs G.

Mrs G made further complaints about a number of transactions on the account which she disputed - those complaints are being dealt with separately.

On referral to the Financial Ombudsman Service, our Investigator said that Mrs G wasn't given the information she needed to make an informed decision about whether to apply for the product. For that reason he said that HSBC should pay a further £250. He further said that HSBC needed to identify the instances in Mrs G's GMA where funds were auto-converted from euros to GBP from the date of the account opening to 8 April 2024. Once HSBC had identified the affected transactions it needed to add 8% simple interest to each transaction.

HSBC did not agree in respect of the refund part of the redress. In particular Mrs G had not lost use of the funds so it was not appropriate to add 8% interest. Further it said it would be impossible to calculate any loss in terms of the exchange rate. Mrs G did not agree with the proposed redress. She said that £250 would not cover the cost of the phone calls. Although she was not able to provide evidence of that cost. She further said that she had put hundreds of thousands through the account. She also said that she had paid thousands of euros through the account which had been automatically converted to GBP.

I issued a provisional decision. In it I said that I thought that the payment of £250, on top of the £50 already paid, was appropriate in respect of compensation for distress and inconvenience. In respect of financial losses, I noted the difficulty in calculating any losses.

On the assumption that Mrs G had put euros in the account which were converted to GBP, I said I intended to take a pragmatic approach and award compensation for such losses, of £250.

HSBC agreed to accept my provisional decision in order to bring matters to a close.

Mrs G didn't accept it. I'll set out her comments and my responses in my findings below.

### **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.

The following were my provisional findings:

#### *“mis-sale of the GMA*

*Mrs G says that when she went into the branch, she was advised to open a GMA, and that she completed an application form and the branch staff who opened the account for her. HSBC said that the account would not have been opened by branch staff as it was an account which required downloading of the app. It also says that Mrs G would not have been advised to open the account, but has admitted that it was likely that the branch staff was not fully confident about how the product worked and how best to explain it to customers.*

*I think that, whilst accepting that Mrs G herself would have had to open the account, she did so having gone into the branch and explained her position. It's likely that whilst the branch staff may not have advised about suitable products, they drew her attention to the GMA and she was given the impression that it was suitable for someone in her circumstances. The adviser that she spoke to in April 2024 told her clearly that for someone living and working abroad the GMA would not have been suitable. In particular if it received any payments in euros into the account, those would automatically be converted to GBP. And that it would be more suitable for her to open a currency account. For those reasons I think that Mrs G was misled into believing that the GMA was suitable for her circumstances.*

#### *financial losses*

*Mrs G says that had she been advised properly, she would have opened a suitable currency account or an account local to her where she is now living. From 8 April 2024 she would have known about the terms of the account and the way it worked. So the appropriate remedy might be to try to place her in the position she would have been had she taken out a more suitable account like a currency account.*

*But it is very difficult to assess what her financial losses might have been. I can see that over the period in question Mrs G did transfer through the account thousands in GBP. And that she made large transactions in GBP. Those transactions are listed on the statements as “domestic transactions” and continued until at least August 2024.*

*HSBC has also sent us a list of the transactions that Mrs G made in euros. These were mostly payments for less than €200. HSBC has said that if a payment is made in euros, unless there are enough euros in the euro wallet then the payment will be converted from GBP. I'm not clear if there was a euro wallet here as I've seen no statement setting out any funds held in euros. Nor can I see any substantial sums received in euros which would have been converted to GBP. However if Mrs G transferred sums in euros to the GMA, expecting them to be used for payment in euros, then she would have made a loss because of the unnecessary conversion into GBP and then back into euros. And I think that it would require*

*a complex accounting exercise on HSBC's part to identify those transactions. And even then it would be difficult to identify the exact loss. HSBC has not charged any fees in relation to currency conversion. But I think it's also reasonable to say that Mrs G would have expected, if she intended to keep some funds in euros in the account, to pay to convert them from GBP. I must also bear in mind that Mrs G also continued making payments in euros, listed as "overseas transactions" again up to at least August 2024.*

*I intend to take a pragmatic approach to the likely financial loss here. I don't think that it could be said that Mrs G made any loss in respect of funds she paid into the account in GBP which were converted to euros. But if I assume that she did pay in funds in euros not realising that they would be converted back to GBP, then she has made a loss. Taking into account the nature of the transactions in euros, I think it would be fair for HSBC to pay, in respect of this loss, £250.*

*If, in response to this provisional decision, Mrs G is able to show that she paid into the GMA substantial funds in euros then I will reconsider the position. But I think that it would be unreasonable to expect HSBC to pay 8% interest on every single transaction as she has had the benefit of those funds.*

*As I've said I have to bear in mind that Mrs G continued using the account for at least four months after she had spoken to HSBC's complaints adviser. I must also take into account that whilst HSBC shouldn't have closed the complaint, it was some time before she raised it again with HSBC.*

*In respect of the cost of telephone calls, without any documentary evidence of those costs I can't make an award. In particular I can't assume that Mrs G would have made a loss as phone contracts are different from person to person.*

*As regards compensation for distress and inconvenience. I accept from what Mrs G says that the app is not very clear, and that is also my experience from looking at the way the transactions were set out by HSBC. I also accept that she would have been upset at being directed to set up an account which is clearly not suitable for her. And I think that she had to spend a lot of time on the telephone trying to get proper explanations out of HSBC's advisers. But the compensation suggested, of a further £250 on top of the £50 she has already received, does appear to me to be fair and reasonable, and I don't propose to increase that."*

I make the following comments on Mrs G's response:

She feels the compensation amount for distress and inconvenience is derisory. I've set out my reasoning for this award in my provisional findings. I've taken into account awards we've made in similar cases.

Misleading terms and conditions. She says these indicated that the account could hold multiple currencies, which was demonstrably false. Even when Euros were deposited into the account, they were converted into GBP rather than being held in a Euro wallet as promised. Wallets only became available on 19 August 2024, a fact that contradicts the claims made by HSBC representatives. The GMA is a travelcard, so was able to hold other currencies. I don't dispute what Mrs G says about depositing euros.

Contradictory Information from HSBC staff. Mrs G says she was misled and told that there were wallets for holding currencies, when she was later told that this was not the case. I noted in my provisional decision that I hadn't been provided with evidence of euro wallets by HSBC. I've already noted that the GMA was not suitable for Mrs G's circumstances. I can understand her upset at this, but I have taken it into account in the award I've proposed.

Inadequate knowledge among HSBC staff. Again I've addressed this in my provisional findings.

Improper handling of transactions. As I've noted in the background and as advised to Mrs G by our Investigator, the question of disputed transactions is being dealt with separately.

Compensation for financial loss. Mrs G feels this is inadequate. She also queries why 8% wasn't added to the transactions. Again I've dealt with this point in my findings. The documentary evidence I've seen doesn't in my view accord with Mrs G's contention that she paid thousands in euros into the account. I can't make an award for financial loss without the documentary evidence to prove it. And whilst I appreciate that £250 is not an exact calculation, I do think from a pragmatic point of view that it is a reasonable amount to assess for HSBC to pay. And as I've said, I can't, in this decision, require HSBC to refund the disputed payments for the reasons set out above.

Overall I remain persuaded by my provisional findings. Those findings are now final and form part of this final decision.

### **Putting things right**

HSBC should:

- pay £250 compensation in respect of financial losses to Mrs G, and
- pay Mrs G a further £250 compensation (on top of the £50 already paid), in respect of distress and inconvenience.

### **My final decision**

I uphold the complaint and require HSBC UK Bank Plc to provide the remedy set out under "Putting things right" above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs G to accept or reject my decision before 21 February 2025.

Ray Lawley  
**Ombudsman**