

The complaint

Ms S and Ms B have complained about how HSBC UK Bank Plc (“HSBC”) handled an unsuccessful international payment.

What happened

On 24 April 2024, Ms S and Ms B instructed HSBC over the phone to send a large amount of money to an overseas bank account in Euros. However, unfortunately the payment was unsuccessful. This resulted in the money being returned back to HSBC on 29 April 2024. As the payment had been made in Euros and Ms S and Ms B’s account was a GBP denominated account, when HSBC received the money back, it converted the Euros back into GBP so that it could be deposited back into Ms S and Ms B’s account. Ms S and Ms B then attempted to make the payment again and it was successfully processed the second time around.

Due to the payment being unsuccessful, Ms S and Ms B lost money. This was due to the cost of converting the large sum of money from Euros back into GBP and then back into Euros for the transaction to then be completed successfully on the second attempt.

Unhappy with the situation, Ms S and Ms B complained to HSBC. HSBC issued its final response to the complaint on 31 May 2024 and didn’t uphold the complaint. In summary, HSBC said that it had not acted incorrectly in relation to the payment instruction that was unsuccessful, or in handling the return of the money from the unsuccessful payment.

As Ms S and Ms B didn’t agree with HSBC, they referred their complaint to this service. One of our investigators assessed the complaint and they didn’t uphold it. In summary, they were also unable to see that HSBC had acted incorrectly or unfairly in processing the failed payment and the subsequent return of the money.

As Ms S and Ms B didn’t agree with the investigator’s assessment, the matter was referred for an ombudsman’s 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.

Having considered everything, I’m unable to uphold this complaint. I will explain why.

Firstly, I understand that the reason why the payment failed in the first place was because the name of the payee that was provided to HSBC by Ms S and Ms B was incorrect. Of course, HSBC was not to have known that was the case at the time – especially as the payment was being made to an overseas account. Systems such as Confirmation of Payee would not have been available to HSBC to have identified that the incorrect name of payee had been given. So in the circumstances, I can’t say that the payment failed because of anything that HSBC did.

During the payment instruction, HSBC said the following to Ms S and Ms B:

... If the payment is reversed for any reason, even if it hasn't debited, it will be returned to your account with the exchange rate at the time. If this is different to the original rate, any loss or gain will be passed onto you. If it's returned by the beneficiary bank for any reason, the amount may be different to the amount you sent, due to fees or changes in the exchange rate..."

So I'm satisfied that HSBC had given a reasonable warning to Ms S and Ms B of the potential consequences if the payment were to be unsuccessful – which it unfortunately was.

Once the beneficiary's bank received the payment instruction, it identified that there was a clear mismatch between the payee's name given in the payment instruction and the name on the beneficiary's bank account. This resulted in the beneficiary contacting Ms S and Ms B to explain that the payment had been rejected by their bank.

Ms S contacted HSBC on 25 and 26 April 2024, however, the payment had still not been returned to HSBC from the beneficiary bank at that point. I can see that HSBC's EPS team did attempt to recall the payment for Ms S, but even once it'd done that, until the payment was received, there was unfortunately little that HSBC could reasonably do for Ms S. For example, on 25 April 2024 Ms S asked if she could put in a 'standing instruction' so that HSBC could send the money to the correct account as soon as it was received. But given that HSBC didn't have the money back from the beneficiary bank, and as there was not enough in the account to make another payment, that was not a feasible option. Ultimately, the only option available to Ms S and Ms B to make the payment again was that they'd need to wait until the money was returned to HSBC.

HSBC did then send Ms S and Ms B a message on 29 April 2024 to explain that the money had been returned from the beneficiary bank, and checked whether Ms S and Ms B wanted the Euros from the returned payment to be paid back into their bank account. Ms S confirmed that she didn't want the money to be paid into her account, as it would result in the money being converted back into GBP. So instead, she asked if it would be possible for the returned funds to remain in Euros and for the payment to be made again.

During a phone call on 29 April 2024, HSBC confirmed that Ms S won't be able to make the payment instruction again until the funds were credited back into an account. And as Ms S and Ms B didn't have a Euro denominated account with HSBC at the time (at least one without payment limits), this meant that the money had to be credited back into Ms S and Ms B's GBP denominated Premier account.

I appreciate that Ms S and Ms B feel that HSBC should've provided better support and essentially should've given them an option to make the payment without it being paid back into their account. But ultimately, HSBC provided the correct information to Ms S and Ms B. The second payment instruction could not be acted upon until the money was paid into an account in either Ms S's or Ms B's names.

After the money had been returned to HSBC, the option of opening a foreign currency account was suggested by HSBC. Ms S and Ms B say that this option should've been given to them earlier on in the process. However, whilst I agree that, with hindsight, it may've been useful had HSBC suggested this earlier, I can't say that HSBC is at fault for not doing so.

I say this because, firstly, in the calls Ms S had with HSBC prior to the money being returned to HSBC, Ms S had not asked HSBC about opening a foreign currency account to avoid the payment being returned back to the account it had been paid from (her Premier account). And HSBC had already made Ms S and Ms B aware - when the payment was originally made - that due to changes in exchange rates, if the payment is unsuccessful, they may get

back less (in GBP) than they started with. And, although HSBC did explain (once the money had been returned) that they could open a foreign currency account and pay the returned Euros into it (providing it was opened in time), unfortunately Ms S and Ms B chose not to try to do that. Had they tried to open one, I can't say how quickly it would've taken for an account application to be processed. So I can understand their hesitation about doing so. But equally, I can't say that HSBC should be held responsible because they chose not to (at least attempt to) open one.

As well as the information they were given, Ms S and Ms B have also complained about the amounts HSBC charged. I can't see that Ms S or Ms B were charged fees to make the payments in question. And whilst I recognise that Ms S and Ms B lost money due to changes in the exchange rate and also due to the spread in exchange rates i.e. the difference in rates between HSBC buying and selling Euros, these look to have been applied in line with the account terms and conditions and were based on live exchange rates at the time of each transaction. So again, I can't say that HSBC acted incorrectly, unfairly or unreasonably in converting the Euros back to GBP in the way that it did.

So overall, I do sympathise with the situation that Ms S and Ms B found themselves in. They were trying to send a very large amount of money overseas, and they were under time pressure to get the money transferred to the beneficiary. I can appreciate it would've been distressing to discover that the large payment they'd made had been rejected and that this was made worse as there was little they could do, until the money had been returned back to them. I can also appreciate why they didn't want the returned Euros to be converted back into GBP – after all, they needed to make the payment to the correct beneficiary in Euros as soon as the money was available to them again.

However, from what I have seen HSBC processed the initial payment correctly and gave Ms S and Ms B timely and correct information regarding the money that was being returned back to them. I also can't say that HSBC was being unfair or unreasonable in saying that the second payment could not be made until the returned money had been credited into a bank account that was in either Ms S's or Ms B's name. HSBC did explain that the money could potentially be paid into a foreign currency account. But unfortunately, as Ms S and Ms B didn't have one at the time, and they chose not to try and open one, I can't say that HSBC crediting the returned funds into Ms S and Ms B's Premier account was unfair or unreasonable in the circumstances.

So taking everything into account, although Ms S and Ms B did unfortunately lose a large amount of money following their unsuccessful payment, I don't think that HSBC did anything wrong in relation to this. I'm therefore unable to say that this complaint should be upheld.

My final decision

Because of the reasons given above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms B and Ms S to accept or reject my decision before 15 April 2025.

Thomas White
Ombudsman