

## The complaint

V, a limited company, complains that HSBC UK Bank Plc delayed an important currency payment which caused it inconvenience and loss.

## What happened

V says that it arranged on 15 July 2024 with a currency provider for a payment of US Dollars 35,000 to be sent to its account at HSBC. But that this didn't arrive until 16 August 2024. And HSBC didn't do enough to chase this up and hasn't accepted responsibility for the delay and the financial consequences.

HSBC said it didn't agree it had made a mistake. It issued a final response letter to V on 22 July 2024 stating that *"the funds are currently held with the intermediary bank and the funds have not reached HSBC UK"*. It said that V would need to contact the sending bank. And it repeated this on 2 August 2024 after V had further contacted it and again on 14 August 2024 when it said it would also contact its payments team.

Our investigator didn't recommend that the complaint be upheld. She relied on the information provided by HSBC with its submission to this service which said that the funds were held up by the sending bank. She wasn't as a result able to say that HSBC had caused any significant delay.

V didn't agree and wanted its complaint to be reviewed. It said that it had provided confirmation that the funds were being held by HSBC in the USA which wasn't responding to contact by the sending bank. And it didn't think it was justifiable for it to 'sit on' the funds for so long.

## *My provisional decision*

I issued a provisional decision on 6 February 2025. I set out below what I said.

I asked through our investigator that HSBC provide some more information about this payment and the businesses involved with it. And following that for V to provide information about its financial loss.

## *The financial businesses involved*

This is complex and I needed to anonymise a number of financial businesses involved for the purposes of this published document. But I was aware that V would know which businesses I was referring to from the information it's shared with this service. The currency was ordered from a currency provider in the UK. That business arranged to send a payment through its bank in the UK. That bank arranged the payment through its US business which acted as its agent/ correspondent. That overseas business sent the payment to HSBC in the USA. And HSBC USA sent the payment to HSBC here which credited V's account.

I needed to say that 'HSBC USA' although part of the wider HSBC group didn't have a direct relationship with V and isn't based in the United Kingdom. But it was clearly acting as a

distinct agent or correspondent bank for HSBC in the UK. And that we can consider a complaint about the payment service provided by HSBC in the UK and take into account the management of its related agency arrangements in delivering that service.

#### *What happened to the payment?*

HSBC has now said that its agent was holding and making checks in relation to the payment and that it has no direct control over it. And that there is no specific timetable for those checks. So, it maintains it hasn't made any mistake.

The documentation from HSBC indicated to me that its agent had all the information it needed about the payment by 20 July 2024. HSBC also said that its agent ought to have contacted it directly before that if it needed information and didn't do so. As I set out above in response to V's complaint it referred V back to the sending bank. And I'd seen evidence that V contacted the currency provider several times which in turn contacted that bank. The information returned was that the payment was with HSBC USA and that it wasn't responding to many requests for an update.

I could see that V alerted HSBC to that. I couldn't see that HSBC took any further action including by contacting any party involved with the payment for some time. But notably that when it said it would do so on 14 August 2024 that the payment then was credited to V relatively shortly after.

I couldn't see any evidence before that to show that HSBC had made any other enquiry of its agent. And nor that it did so in the investigation of this complaint so that it could have a basis to understand the timescales involved. I couldn't see that it's considered the actions of its agent and its response as part of this and in relation to any service level agreement HSBC may have with it.

This means that I didn't have other than a generic explanation of what happened after 20 July 2024, and I proceeded on that basis.

#### *The transaction*

V has provided a purchase order from its client dated 12 July 2024 stating that it ordered identified goods for £39,200 (excluding VAT). The delivery date was to be 10 August 2024, and it was stated that goods must be delivered on that date, or the purchase be automatically cancelled.

V has provided an invoice from its supplier in the US dated 15 July 2024 for those related goods with a value of 36,960 US Dollars. V said payment was due that day. The notes to the invoice state that payment must be received before the goods pick up. And that "*shipping issues may cause delays in delivery.*" An email from that supplier to V dated 26 July 2024 states that despite discussions in the prior week payment had still not been received and the shipment was cancelled.

We'd also asked V how it had taken into account a service level agreement of seven working days from the currency provider for the trace of a delayed payment. And how it had tried to mitigate any loss. It said that that this period had elapsed by the time the shipment was cancelled. It didn't provide details about any attempts to mitigate a loss or provide detailed calculations as to how it had arrived at a loss.

#### *My assessment*

I agreed that it is a matter for each business involved in a transaction to ensure that it meets

legal and regulatory requirements. There is no specific timetable for those or need to disclose exactly what those might be. Here I needed to consider what evidence I had and whether I concluded that there was unreasonable and avoidable delay.

I considered that HSBC has provided poor service and either a lack of information or misleading information and such that this has inconvenienced V. I considered that although it was right initially to direct V to the sending bank that when it became clear that its agent appeared to be still holding the money it could and ought to have assisted more. Its agent hadn't responded to the sending bank as it was expected it to. And I found on balance on the current information this all supports that it is most likely that there was an element of unreasonable and/or avoidable delay fairly attributable to HSBC.

I appreciated that V wants HSBC to take responsibility for what it says is its financial loss. V clearly thought it was feasible for the payment to be received and the goods delivered to its client in the timescales allowed. I took into account that there could be some legitimate checks on the payment as here. And that the earliest working day this payment it seems ought to have been in V's account could have been Monday 22 July 2024 (given HSBC's agent had all the details required by 20 July 2024). My understanding was that V would then have needed to send a payment to the account of its supplier in the US. Once that had cleared the goods would be shipped – it isn't made clear by which method – and would need to clear the relevant customs and checks. And delivery checked and goods then dispatched to its client on payment terms which aren't made clear. I wasn't persuaded on balance that with the reasonable checks here that was all most likely going to be feasible by 10 August 2024. Even if that were the case it's a matter for V to show how it calculated a loss with all relevant costs taken into account. And I didn't have evidence of what it did to attempt to mitigate the issues with its client. So, for all these reasons I said I wouldn't be making an award for financial loss.

But taking what I'd said about the level of service and inconvenience caused into account I intended to require HSBC to pay V £500 in compensation for that part, an amount I've assessed in light of our published guidelines. And a further element of £500 for reputational damage in dealing with the issues with its supplier and client taking into account that these goods were never shipped. V, the complainant here, is a separate legal entity and so I couldn't reflect any impact on the director. So, the total compensation I consider fair was £1,000.

I said if V doesn't accept my assessment it remains free to pursue this matter in court as it had indicated before that it might and this is subject to any relevant timescales.

### **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.

V said it would accept the compensation set out in my provisional decision. But that it considered that it was unacceptable for a financial business to retain funds without providing any information. And it wanted some guidelines for HSBC about this to be provided.

HSBC didn't agree. It said that it wasn't at fault for the reasons it had previously given. It said that it couldn't control an intermediary even where part of the HSBC group. And it was up to that intermediary to make its own country specific checks. It said that the funds remained with that intermediary to assess the information it had provided through the sending bank. And that it couldn't say how long that would take as there are too many variables to consider.

I'm only looking at the circumstances of this complaint, so I won't be making any more general comments as V has asked me to. I have no more specific information from HSBC as to what its intermediary was actually doing during the period after 20 July 2024. Or comment on what appeared to be the misinformation HSBC had provided before my provisional decision about where the funds were. I hadn't sought to state that HSBC could 'control' its intermediary but set out in my provisional decision why I could reasonably take into account the actions of its agent and its response. HSBC has provided no more than generic reasons about why there might be a delay. But it's still not related to the timescales here and the information previously given and has in my view had sufficient opportunity to do so. And also, to support this with clear evidence. As a result of this and taking into account what I said in my provisional decision I'm not persuaded to change my assessment and the award of compensation which I consider to be fair and reasonable.

### **My final decision**

My decision is that I uphold this complaint in part, and I require HSBC UK Bank plc to pay V £1,000.

Under the rules of the Financial Ombudsman Service, I'm required to ask V to accept or reject my decision before 16 April 2025.

Michael Crewe  
**Ombudsman**