

The complaint

Mr L complains about the non-sterling transaction fee that applied to a credit card transaction issued to him by HSBC UK Bank Plc trading as First Direct ('FD').

What happened

The background to this complaint is well known to both parties so I won't repeat it again here.

Mr L's complaint is that FD were wrong to charge him a non-sterling transaction fee because he believes this to be disproportionate to the amount he spent. Following a complaint to FD, where it said it had acted in line with its terms and conditions, Mr L referred the matter to us. Our investigator didn't recommend upholding the complaint. So, the matter has been passed to me to decide.

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.

Although a number of issues have been raised, this decision only addresses those issues I consider to be materially relevant to this complaint. This isn't meant as a discourtesy to either party – it simply reflects the informal nature of our Service. However, I've given careful consideration to all of the submissions made before arriving at my decision.

Whilst I very much sympathise with Mr L's situation, from what I can see FD has acted fairly and reasonably here. Its terms and conditions clearly say that a charge will be applied to non-sterling transactions at 2.99% of the sterling amount. In this instance, Mr L paid 3,478.80 euros towards a hotel bill. Once converted to sterling this came to £2,936.24. The fee of 2.99% was applied to the sterling amount which came to £87.79. From all that I can see this was in line with the terms and conditions of the account.

As our investigator said, Mr L would likely have been provided with a copy of the relevant terms when he opened his credit card account. Further, he had several other non-sterling transaction fees applied to his account prior to the one in dispute here. So, he was clearly aware a fee applied to transactions made in a foreign currency.

However, Mr L says that the amount he was charged this time was unfair. This amount was 2.99% of the amount spent (converted to sterling). This was the same percentage he'd been charged previously in respect of other non-sterling transactions. I don't think the charge costing more due to the amount he spent, in itself, means the terms are unfair. The reason Mr L was charged more was because the relevant transaction was for a larger amount than he previously spent. The percentage rate that would be applied was clearly communicated to Mr L via the terms and conditions of his account.

I note Mr L thinks the terms are unfair for a number of other reasons and I've had regard to all that he's said and all the relevant law. But from what I can tell, a good indicator the term is

fair and that FD acted fairly in relation to this, is that the percentage rate for non-sterling transactions as well as when it would be applicable, was, in my view, clearly and transparently drawn to Mr L's attention when he opened his account.

I know Mr L thinks the charges are excessive and has said the question is whether a fee of almost £90 for a single transaction represents a reasonable fee. What is reasonable can depend on a number of factors. But as our investigator has said, it's not unusual for banks to charge this type of fee to non-sterling transactions. Ultimately the rate FD decided to charge was a business decision for it to make. And I'm satisfied FD did enough to highlight the non-sterling transaction fee rate that would apply to the transaction Mr L made.

So, taking into account the information from both parties carefully, I don't find FD has acted unfairly in the circumstances of this complaint.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 12 January 2026.

Yolande Mcleod
Ombudsman