

The complaint

Mrs M and Mr M complain about HSBC UK Bank Plc incorrectly transferring their funds in EUR and causing a financial loss.

What happened

In April 2023, Mrs M contacted HSBC to send GBP £1,000,000 to a GBP account in Country A.

Mrs M thought her instruction had been followed but was disappointed to later be informed that it was necessary for her to visit an HSBC branch.

Mrs M says that when she visited the branch, she made it clear to the manager that she was sending GBP £1,000,000 to a GBP account in Country A and, when she left the branch after signing a form, this is what she thought had happened.

Mrs M later discovered that her funds had been sent in EUR which meant the transaction was subject to unnecessary foreign exchange rate conversions.

Mrs M instructed her funds to be returned and discovered she had lost £17,665.48.

When Mrs M complained to HSBC, they said they had followed her request to send her funds in EUR.

Mrs M complained to our service and our investigator thought it more likely than not that HSBC had made a mistake and he said HSBC should pay Mrs M and Mr M:

- £17,665.48 foreign exchange rate loss
- 8% simple interest on this loss from the date of transfer to the date of settlement
- £200 compensation

However, as HSBC are dissatisfied this complaint has been referred to me to look at.

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 done so, I'm upholding this complaint and I'll explain why.

There are two different versions of the events that took place at the HSBC branch and in cases where information is incomplete, inconsistent or contradictory, I must reach my decision on the balance of probabilities – in other words, what I consider most likely to have happened in light of the available information.

In her submission Mrs M:

- Says she told the manager it was a GBP to GBP transaction
- Explains that she was placed in a room with a representative and instructed the payment

in GBP. And, having spoken to the manager she was surprised when the representative said, *'I don't have the authority to make this payment'*

- Describes another employee coming into the room to input the payment and questions multiple employees being involved in the transaction
- Questions why the manager didn't assist, check or supervise the transaction

In the HSBC submission the representative 'managing the pod in the banking hall':

- Says Mrs M *"didn't mention the currency (GBP) to myself at any point, she merely requested to make a large payment of 'one million'" and "I wasn't aware it was an International payment, which was why she was initially put with a colleague would had the access to make EFT payments"*
- Explains that the representative *"who input the payment onto the system is adamant she explained the conversion rate to the customer from GBP to EUR whilst she was in branch, at no point did the customer advise my colleague it was to be input in GBP specifically, prior to confirming the FX deal on the system, she also went through the instruction form in detail to check all details, and exchange rate, were correct with the customer, prior to the customer signing she agreed with everything which had been discussed"*
- Says Mrs M *"had not queried anything at any point throughout the entire transaction" so "there was no reason for any additional questioning, querying or further payment warnings to be discussed"*
- Describes a very experienced and thorough 'inputter'
- Explains his/her role is *"to audit and release payments on occasion, therefore we could not do inputting"*

From reviewing the file, I'm satisfied that Mrs M intended to transfer her funds in GBP. This is because the account she was crediting in Country A was in GBP. In addition, in the following HSBC don't disagree that she tried to complete a GBP to GBP transaction days earlier:

"The call recordings do suggest the transfer was to be made in GBP"

HSBC say they wouldn't expect branch staff to know either the details of the recipient bank account or Mrs M's recent unsuccessful telephone banking attempt. However, I would've expected HSBC to have both established the transaction currency before commencing the transaction and looked at their system notes to understand Mrs M's recent issue. I say this for the following reasons:

- When making payment on behalf of a customer HSBC have a duty to exercise both reasonable skill and care
- HSBC staff were aware that Mrs M had attempted to make the payment over the phone. Also, they knew Mrs M was stressed and had submitted a complaint.
- HSBC guidance states that they:
'Encourage the customer to send the payment in the local currency of the beneficiary bank. This means:
 - *The beneficiary bank will receive the full amount sent*
 - *There'll be no fluctuating exchange rates'*
- There is a risk an error could occur, as HSBC's system defaults to the recipient local currency regardless of whether the funds are both coming from and going to a GBP account.

So, although Mrs M signed HSBC's instruction form, and I will shortly come onto that, I don't think HSBC were diligent either before or during their 'inputting' stage.

Although there are different recollections of the conversation between the pod manager and Mrs M, even if Mrs M didn't say it was GBP to GBP it's clear there was a conversation and that the pod manager didn't establish information about the transaction or recent events, so there was a missed opportunity to initially clarify requirements.

This meant there was a reliance on the 'inputter' checking all the details and explaining the conversion to EUR and the exchange rate. However, considering the account being credited was in GBP, had the 'inputter' done so, I think it more likely than not that Mrs M would've immediately pointed out the transaction was to be in GBP and there was no requirement for an exchange rate.

The pod manager says he / she would "audit and release payments on occasion". So, there was another opportunity, prior to the signing of the form, where the risk of processing a transaction in the wrong currency could've been mitigated. And, I would consider a £1,000,000 transaction on a pre-populated form, with a customer who had just experienced issues and submitted a complaint, to have risk factors and to be a suitable occasion.

So, I asked HSBC about the approval checks undertaken prior to releasing funds and they said:

"The second stage involves the 'releaser', who is responsible for sense checking the payment, ensuring the signed transaction form matches the details recorded on the BIFPIN for the payment and checks the payment has been authorised by the customer prior to being released, checking the signature matches our records. They also check to make sure there are no errors with the instruction in question".

Although there was no additional information on what the 'releaser' should check, I think this should've involved interaction with the customer to check the process had been completed efficiently, to the customer's satisfaction, and that the funds were going to the right place and in the right currency.

I think it more likely than not that this process didn't happen. I say this because Mrs M consistently describes a manager who didn't have any involvement and delegated to stressed staff. Also, there is a lack of information on what happened at the release stage, the pod manager states having high confidence in the 'inputter' and says:

- Mrs M *"had not queried anything at any point throughout the entire transaction"*
- And *"there was no reason for any additional questioning, querying or further payment warnings to be discussed"*.

I found the pod manager statement surprising and considering his / her comments, together with the above-mentioned risk factors, I think it adds weight to Mrs M's testimony that there was a lack of involvement from the pod manager and the HSBC staff processing the transaction were flustered and made assumptions which impacted upon their actions.

Although I found HSBC had preventative measures in place, I think it more likely than not that, prior to the last stage of the process, which is the customer checking and signing the form, HSBC made errors establishing the transaction and then at the inputting and release stages.

Regarding the instruction form, there is no doubt that this was signed by Mrs M and this was a further opportunity to avoid an error. However, although I agree Mrs M should've checked this form, when considering her persuasive testimony about her verbal instructions, I can see that she placed a lot of reliance on her verbal instruction being followed.

I considered HSBC's point that, if Mrs M had reservations about the competence of their staff, she would've scrutinised the form. However, from reading the file, I think Mrs M's observations were made in hindsight when reflecting upon a transaction that went wrong.

I agree this is a finely balanced case. However, when considering the above, based on balance of probabilities, I think it more likely than not that, on a transaction which there was a risk and warning signs, HSBC made errors at several stages and Mrs M should've received a better level of service.

So, although Mrs M should've checked HSBC's instruction form before signing it, she should've been able to rely on HSBC exercising more skill, care and attention prior to that final stage. I therefore think the fair and reasonable outcome here is for HSBC to cover the £17,665.48 foreign exchange rate loss and pay 8% simple interest on this amount, from the date of transfer to the date of settlement.

Finally, regarding compensation, the £200 proposed by the investigator appears low, however I consider it to be fair. I say this because I think there were errors on both sides, our awards for compensation tend to be modest and the main cause of upset, stress and frustration here, is the concern about the exchange rate and interest losses which I have addressed.

So, considering all the above I'm upholding this complaint and I require HSBC UK Bank Plc to pay Mrs M and Mr M:

- £17,665.48 for the foreign exchange rate loss
- 8% simple interest on £17,665.48, from the date of transfer to the date of settlement
- £200 compensation

My final decision

My final decision is that I'm upholding this complaint and I require HSBC UK Bank Plc to pay Mrs M and Mr M:

- £17,665.48 for the foreign exchange rate loss
- 8% simple interest on £17,665.48, from the date of transfer to the date of settlement
- £200 compensation

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M and Mrs M to accept or reject my decision before 19 January 2024.

Paul Douglas
Ombudsman