

## **The complaint**

A company, which I'll refer to as W, complains that HSBC UK Bank Plc ("HSBC UK") has unfairly deducted charges from payments into its Australian dollar (AUD) foreign currency account.

## **What happened**

W has an AUD foreign currency account with HSBC UK. W also has a merchant services account with Global Payments (GPUK). The GPUK account is held with HSBC Bank Plc (HSBC Bank). Payments (made up of the AUD takings from W's trading) are sent from the GPUK account to the HSBC UK account.

From the end of March 2019, 15 AUD was deducted from each daily payment sent from GPUK. No such deductions were made from corresponding transactions involving W's accounts in US dollars or GB pounds.

W complained to HSBC UK but the bank said it wasn't making the deductions.

Our investigator looked into where the charge was being made. He discovered that the charge was being made by HSBC Bank Australia (HSBC Aus). Each AUD payment from W's GPUK account to W's HSBC UK account was routed via HSBC Aus, and it was at that point that the charge was applied.

From the end of February 2023, HSBC Aus stopped applying the charges to the AUD transactions. W's director has said that although he's pleased that the charges have now stopped, his company suffered losses during the period when they were deducted, and they should be reimbursed. They amounted to over 19,000 AUD in total.

The investigator concluded that HSBC UK wasn't responsible for the charges. All the deductions had been made before the AUD funds were received by HSBC UK, which hadn't taken any charges of its own. He therefore didn't think HSBC UK had acted unfairly or unreasonably.

W didn't accept the investigator's conclusions. The company's director made the following points, in summary:

- At no time had he asked GPUK or HSBC UK to change any of his payment methods. W had not employed the services of HSBC Aus and neither had GPUK. The Australian bank's involvement was the responsibility of HSBC UK.
- HSBC Aus had clearly benefited from the daily charge.
- HSBC UK has a duty to ensure a customer's funds are safe and secure, and the bank has failed in that responsibility to W. It should repay the 19,000 AUD, with interest.
- GPUK and HSBC UK are both UK businesses with a very close relationship. GPUK

was HSBC Merchant Services before it was split into a separate company. W gave its sort code and account number to HSBC Merchant Services long before the split, and has given no new instruction since then, so HSBC UK should still be held accountable for any errors with transfers of accounts or set up.

- HSBC's terms say that any incoming funds received into W's UK-based AUD foreign currency account from another UK-based account in the same currency would be received in full.

### **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.

I'm sorry to disappoint W's director, but I've reached the same conclusions as the investigator, and for largely the same reasons.

This complaint is brought against HSBC UK, which is the bank where W has its AUD foreign currency account. For clarity, I should repeat here that the full name of this bank is HSBC UK Bank Plc. In my decision, I need to determine whether this bank is responsible for the charges that W has complained about.

There are two other banks involved in the events in this complaint. One is HSBC Aus. The other is HSBC Bank, whose full name is HSBC Bank Plc. Neither of these banks is the respondent in the complaint that I'm considering here.

It's common ground that the disputed charges were made by HSBC Aus.

W's GPUK merchant services account is held with HSBC Bank. My understanding is that when GPUK makes a payment in AUD from that account to W's AUD foreign currency account, the payment is sent by HSBC Bank via HSBC Aus. In other words, HSBC Bank sends the payment to HSBC Aus, which in turn sends the payment to HSBC UK.

HSBC UK has explained that HSBC Bank sends the payment via the Australian bank in line with the industry standards of the SWIFT banking transfer system, which require payments in foreign currency to be processed via the currency's domicile country – they cannot be made direct between two UK banks. This is also the case with W's payments in US dollars, which are sent by HSBC Bank to W's HSBC UK account via an American bank. In any event, it's clear that the decision to send the W's payment via HSBC Aus isn't made by HSBC UK.

HSBC UK plays no part in this process until it receives the funds from HSBC Aus. HSBC UK's role is simply to receive the funds into W's AUD foreign currency account. I'm therefore satisfied that HSBC UK has no responsibility for any of the disputed charges, which were applied earlier in the journey of each of the payments from GPUK.

W's director says that arrangements for payments from its merchant services account are long-standing, and his company has made no changes and given no new instructions. But I'm not suggesting that W has done anything that has led to the disputed charges. What I am saying is that HSBC UK isn't responsible for them.

W's director also says HSBC UK has a duty to keep customers' funds safe and secure. I agree, but that obligation applies only to funds that have come into its care. HSBC UK has lost none of W's funds that it received and has made no deductions itself.

The terms and conditions of the HSBC UK account, along with its fee information document, explain the charges that HSBC UK can make for outgoing and incoming payments. But those documents don't set out any charges that may be levied by other banks which send money to the account, or the circumstances under which the charges will or will not be made. I can't see that HSBC UK has given an assurance in those documents that no other banks will make charges during the transmission of money to W's account.

I appreciate that the other banks in the payment chain described above (HSBC Bank and HSBC Aus) have HSBC in their name and are ultimately part of the same group. But they are companies in their own right, and they are not part of HSBC UK. W's director points to changes in the group structure in 2018. But the deductions that are the subject of this complaint started and stopped while W held its AUD bank account with HSBC UK. I can't reasonably say that HSBC UK – which is the respondent in this complaint – is responsible for any actions by the other banks during this time.

I realise that W's director will be disappointed by my decision, and I can understand his frustration with these events and the outcome. W has paid a substantial amount in charges that seem both to have started and to have stopped without notice. However, for the reasons given above, I don't find that HSBC UK is responsible for the charges in any way, and therefore I don't require it to make any refund to W.

### **My final decision**

My final decision is that I don't find that HSBC UK Plc has acted unfairly or unreasonably.

Under the rules of the Financial Ombudsman Service, I'm required to ask W to accept or reject my decision before 18 December 2023.

Colin Brown  
**Ombudsman**