

The complaint

Mr R complains HSBC UK Bank Plc charged him for a transfer he made.

What happened

Mr R made a payment from another UK bank to HSBC. Mr R wanted to pay £2,000 to a savings account he holds at HSBC.

The payment credited a Euro account Mr R holds, so the £2,000 was converted into Euros. Mr R received €2,280.43.

Mr R called HSBC and asked to transfer the money into the savings account he originally intended to send the money to. Once the payment was converted back to Sterling, Mr R received £1,876.62 – an overall loss of £123.38.

Mr R was unhappy he'd lost money for something that wasn't his fault, so he complained to HSBC. HSBC responded to say the payment was made into the Euro account, so it applied the payment correctly.

HSBC said it had converted the inbound Sterling payment to Euros, then back to Sterling and this led to the loss for Mr R.

Unhappy with this answer, Mr R brought his complaint to this service. Mr R felt HSBC had admitted Mr R had lost out and he had to wait a long time for his call to be answered.

An investigator looked into things and didn't think Mr R's complaint should be upheld. The investigator said it looked like this was Mr R's error, asking for the payment to go to the wrong account.

The investigator said HSBC acknowledged Mr R had lost out, but didn't think this was HSBC's fault so it didn't need to do anything to resolve the complaint.

Mr R said he was unhappy with the amount charged by HSBC, and felt its handling fees were extortionate and he wasn't told about these fees. Mr R said an HSBC employee agreed he'd been unfairly charged.

Mr R asked for an ombudsman to decide things.

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 not sure why the sending bank asked for the payment to be sent to Mr R's Euro account.

Mr R says he might have given the wrong account number, and it could also be an error on the part of the sending bank.

But I'm satisfied it wasn't HSBC's fault. HSBC was told to credit £2,000 to Mr R's Euro account and it did. I don't think HSBC applied it to the Euro account in error or should have realised this payment was intended for a Sterling account Mr R held.

And in crediting the payment to Mr R's Euro account HSBC had to convert the Sterling to Euros. And once Mr R realised what had happened and asked for the money to go to a Sterling account HSBC had to convert the Euro amount back to Sterling.

This resulted in an exchange rate loss, I'm satisfied HSBC hasn't charged Mr R any fees associated with this payment. And HSBC, like most banks, won't use the midpoint exchange rate for currency transfers.

HSBC instead used its own rate, and this will vary slightly from the midpoint. In Mr R's case it seems HSBC's exchange rate varied by around 3% from the midpoint. And this variance was doubled by exchanging the Sterling to Euros and then back to Sterling.

Overall Mr R lost around 6% of the £2,000 he transferred. In the circumstances, I don't think a 3% variance from the midpoint exchange rate is extortionate, I think it's more in keeping with the legitimate costs of a currency transfer.

When Mr R called HSBC the staff member acknowledged the long wait and apologised to Mr R and, in the circumstances, I think this is a fair thing to do.

The staff member also said they realised Mr R had lost out because of this conversion to and from Euros. But I don't think the staff member said this was HSBC's fault. I think the staff member was very clear this wasn't HSBC's fault.

And I don't think it was HSBC's fault either. HSBC applied a transfer in line with the request it received from the sending bank. In doing this, it converted the Sterling to Euros, applying its rate.

And when Mr R asked for the money to go to a Sterling, HSBC again completed the payment in line with Mr R's request. This meant a further conversion back to Sterling, resulting in the loss Mr R's experienced.

But I don't think I can fairly hold HSBC liable for this loss, it completed both payments in line with the instructions it was given and applied, I think, a reasonable variance to the midpoint exchange rate.

In the circumstances, I don't think HSBC needs to do anything else to resolve Mr R's complaint.

My final decision

My final decision is I don't uphold Mr R's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 8 September 2023.

Chris Russ
Ombudsman