

## **The complaint**

Miss M complains that HSBC UK Bank Plc caused her to lose money on international transfers and they delayed returning her money.

## **What happened**

Miss M says she made three transfers for \$55,000 each from her HSBC United States Dollar (USD) account to a third party USD account, but these were all rejected by the third party company because of a lack of a Society for Worldwide Interbank Financial Telecommunications (SWIFT) code on the HSBC online payments form. Miss M says she intended to use the funds to reduce her monthly mortgage payments, as soon as she had managed to convert the funds through a third party to British Pounds Sterling (GBP). Miss M says she discussed this with HSBC, but they could not provide her with an explanation why she wasn't asked for a SWIFT code, or why the payment was rejected. Miss M says that the third party returned the funds to HSBC, but it took them 1-2 months to return the money.

Miss M says she was ringing HSBC almost daily trying to get the return of the funds, where she was reassured that the funds would be with her soon, but she didn't receive the funds until late November 2022. She says by the time she received the money and it was converted to GBP, she lost a lot of money on the exchange rate, compared to if the funds were returned straight away. Miss M made a complaint to HSBC.

HSBC partially upheld Miss M's complaint. They said although the online form didn't ask her to input a SWIFT code, the third party she was trying to transfer to don't use a SWIFT code, so they used the routing code Miss M provided them. They said they hadn't identified an error on their part with the payment being cancelled, but they were disappointed with the length of time it took them to return the money to her. So they offered her £400 compensation to support their apology. Miss M brought her complaint to our service.

Our investigator said the £400 offer was fair. She said it was clear there was a delay in HSBC in returning the funds to Miss M, but they had only acted on the payment information Miss M provided originally. She said the payments were made from Miss M's USD currency in USD and the funds were also returned to Miss M to her USD account in USD. So there was no foreign exchange loss. Miss M asked for an ombudsman to review her complaint.

## **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.

Firstly, I'm aware that I've only summarised Miss M's complaint points. And I'm not going to respond to every single point made by her. No discourtesy is intended by this. Our rules allow me to take this approach. It simply reflects the informal nature of our service as a free alternative to the courts. If there's something I haven't mentioned, it isn't because I've ignored it. I haven't. I'm satisfied I don't need to comment on every individual point to be able to reach what I think is a fair outcome.

I'd like to explain to Miss M that it is not within this service's remit to tell a business how to run their processes or procedures such as what information they should ask for on their online international payments screen. It would be the role of the regulator – the Financial Conduct Authority, who have the power to instruct HSBC to make changes to their policies and procedures, if necessary.

I've considered what Miss M has said about how the error resulted from HSBC's online form not asking for a SWIFT code. And while Miss M has proved she had a SWIFT code for the recipient account she wanted to pay, I'm not persuaded that the SWIFT code had to be entered on the form. I say this because there are other ways that money could be sent to the account she wanted to pay. Miss M has provided a screenshot from HSBC's systems. This shows there were different ways in which the recipient bank could be found, for example by searching by the routing number, bank name or address.

Ultimately, Miss M submitted three international payments for \$55,000 each without ensuring the details were correct – in this case the routing number was incorrect, which caused the payments to not be credited to the intended account. As these were not payments made by HSBC inputting incorrect information, then I can't hold HSBC responsible for Miss M confirming the information in the transfers were correct when she submitted the payments. The terms and conditions show for payments that *"You need to make sure you give us the right details, as we'll make the payment using only the information you give us. It's up to you to check the details are correct"*.

So if Miss M was in any doubt about a need for a SWIFT code, or whether the routing number was correct prior to the transfer, then it would have been proportionate for her to check with HSBC prior to the transfers to ensure she was inputting the correct details if she had any doubt. But I've seen no evidence that she did this. I've listened to a call on 17 October 2022, as two of the payments were subjected to fraud checks. Miss M said that she had checked the details and she had talked them over with a family member. She was offered more time to check the details of the payments, but she told the fraud call handler she was satisfied with the payments. She then asked whether it was a specific third party account she was sending the money to, and the call handler told Miss M he didn't have the facility to check this and Miss M told him everything was fine and approved the payment.

Miss M was given another call by HSBC's fraud department for the third payment also, which I've listened to. She confirms again that the account details were emailed to her and she had spoken about these in person with the account holder. She tells the call handler she is confident with the details so this should be fine. The call handler tells Miss M that in the event of any subsequent loss then HSBC wouldn't be liable for it and asks if Miss M would be okay with this and she replies "yes, yes".

Unfortunately, as the details submitted were incorrect, this did not reach the intended account and the recipient bank contacted HSBC to let them know that the account wasn't held at that bank, so they returned the funds to HSBC. The funds were returned in the same currency as they were sent, which meant there was no exchange rate loss (or gain).

But there were delays in returning the transfer payments back to Miss M's account. The time varied between the three transfers. This ranged from around two weeks (keeping in mind the funds weren't returned on the days Miss M submitted the transfers as it took time to reach the recipient bank and time for them to send the money back to HSBC), to around four weeks. While HSBC didn't have the funds for all of this time, I am persuaded they were responsible for delays in Miss M receiving the funds back to her account.

I say this as it appears the international transfer payments were returned to HSBC earlier than when they credited her actual USD account. As such Miss M was constantly calling

HSBC to find out where her money was. And because the payments weren't credit to her account, then it would be unlikely that the call handlers would have been able to locate the funds so they escalated her concerns.

I've considered what would be a fair outcome for this complaint. I know Miss M feels she should be paid the foreign exchange losses for when the funds were later transferred from USD to GBP as the exchange rates had changed from when she originally intended to transfer the funds from USD to GBP. But it would not be proportionate for me to ask HSBC to cover these losses for a number of reasons.

I say this as Miss M had confirmed that HSBC wouldn't be liable for any errors with the transfers on the second fraud call. As Miss M had submitted incorrect details, HSBC did not make an error with the actual transfers submitted. And there would always have been a delay in the funds being returned to her (although they should have been returned to her account earlier than when they were). It appears from Miss M's statement that when she received the first \$55,000 back, no money debited her account until 8 November, so she may have been able to have a more beneficial exchange rate if she hadn't delayed the transfer herself also. I know Miss M has told us that any foreign exchange service takes a significant fee for exchanging money so it made sense to make the exchange in one go, and so she waited to receive all of the money before making the exchange, but I can't hold HSBC responsible for Miss M making this decision to potentially save on a fee.

Once Miss M received the funds back, she would have been able to check the exchange rate and decide whether it was beneficial to exchange the funds to GBP. Although I understand she wanted to reduce her mortgage payments, if the exchange rate was not beneficial for her to do so, she could have possibly revised her plans, but she (or her family member) still decided to have the funds exchanged despite the foreign exchange rate at the time. HSBC did not convert the funds themselves and would not be responsible for another company's exchange rate (or the general change in exchange rates) as this would be out of their control. And it appears that it was a family member who exchanged the funds, so HSBC would not be required to cover losses for a family member of Miss M's anyway. HSBC sent \$55,000 each time and credited this amount back to Miss M's account, so they didn't cause a foreign exchange loss that they would be responsible for. And I can't see that HSBC advised her to arrange for the funds to be exchanged from USD to GBP, so it would not be proportionate for these reasons to ask HSBC to cover any exchange rate loss that Miss M or a family member had as a result of converting the currency from USD to GBP.

So I do think the £400 that HSBC offered Miss M is fair. I say this because it is in line with our guidance for compensation. I'm satisfied it recognises the impact of the frequent calls Miss M made to HSBC to chase up the return of the transfers, and the impression they gave her that the money would be returned sooner than when it was returned. While I'm satisfied the call handlers did escalate her concerns, HSBC did not act upon these in a timely manner. So it follows I'll be asking HSBC to pay Miss M the £400 that they offered her. But I don't require them to do anything further.

### **My final decision**

HSBC UK Bank Plc has already made an offer to pay Miss M £400 to settle the complaint and I think this offer is fair in all the circumstances.

So my decision is that HSBC UK Bank Plc should pay £400 to Miss M. But I don't require them to do anything else.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss M to accept or reject my decision before 5 September 2023.

Gregory Sloanes  
**Ombudsman**