

The complaint

Mrs B complains that she has incurred a loss of as a result of two failed international payments that she tried to send from her account with HSBC UK Bank Plc (HSBC) to her bank account in the USA. So, she would like HSBC to pay back what she has lost.

What happened

Mrs B tried to make two transfers via mobile banking, on 13 March 2023 and 16 March 2023, of £50,000 each. She wanted to send the money from her HSBC UK account to her bank in the USA – which I will call M. This money was to be received in Dollars. M rejected the payments because the beneficiary's name was not included in the transfer instructions. When the transfer amounts were returned, she received £3,897.61 less due to foreign exchange movements.

Mrs B says she had made two successful transactions from HSBC to her account with bank M via online banking just before this. She then used her mobile banking app to make a further two transfers. When making these payments Mrs B says she selected bank M from a list of previously used payees saved in her app. She believed these details would be correct as she had just before successfully transferred money to bank M using her online banking. Mrs B also says she spoke to HSBC on the phone about the progress of her payments – and HSBC didn't tell her that there was anything wrong with the transfer instructions.

HSBC says they carried out Mrs B's transfer request as instructed. HSBC said that they operated in line with the account terms and conditions, and they have not done anything wrong. So, HSBC say they will not be refunding the foreign exchange losses.

Our investigator considered Mrs B's complaint but didn't think HSBC had done anything wrong. Mrs B didn't agree, so the complaint has been passed to me for a final decision.

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've decided not to uphold the complaint broadly on the same reasons as the investigator.

I've seen evidence that the two transfers Mrs B made via her mobile banking were rejected by her recipient bank in the USA – and not by HSBC or any intermediary bank that HSBC uses to send money internationally. The evidence shows that HSBC successfully sent the money to its holding bank and then it was sent to another intermediary before it was rejected by bank M. So, I am satisfied that HSBC transferred the money as instructed.

The two transfers made prior to this were accepted. Mrs B has told us that she made these using online banking – so on a computer or laptop. Bank M accepted these two transfers. This means it's likely Mrs B included the beneficiary details in the instructions for transfer she gave online, but she didn't include this information when completing the transfers on her

mobile phone. Mrs B says she used the saved “payee” details from the mobile app, and so she assumed the details would be correct and complete. While I can understand Mrs B’s frustration that the saved details were not complete, I can’t say HSBC has done anything wrong, or different, with the first two payments that meant it was successful. For each payment HSBC has followed Mrs B’s instructions.

I’ve also looked at the terms and conditions of Mrs B’s account which state:

“if the payment is returned to us or we can’t make it for any reason, we’ll reverse it using the exchange rate at that time. The exchange rate might have changed. So, the amount we pay back may be more or less than we originally took from your account.”

Mrs B incurred a loss as a result of bank M rejecting the transfers and the change in the exchange rate. But HSBC has acted in line with the terms and conditions, and I can’t say they have done anything wrong by returning less money as a result of the foreign exchange movements.

Mrs B has questioned the rate HSBC used to convert the returned US Dollars to Sterling, leading to her loss. Mrs B says the rate is different to that day’s published rate.

I wouldn’t expect HSBC to use the published rate, this is generally the mid-rate and not the rate banks use to buy or sell currency. Instead, there is a margin applied to the payment Mrs B made, so she received less Dollars than the mid-rate when her £50,000 was converted, then lost out again when that Dollar amount was converted back to Sterling for credit to her account.

And since Mrs B made two payments, this loss to and from Dollars was doubled. Looking at the rates HSBC used, they don’t look too far from the day’s rate, so I don’t think HSBC used the incorrect rates.

Mrs B is unhappy that she was not alerted to the fact that the beneficiary details were missing. While I appreciate it would’ve been helpful for this to be flagged at the time; ultimately, she is responsible for making sure she has provided the correct information for the transfer. I’ve also considered what she has said about HSBC failing to check the payment details when she called them. HSBC have provided evidence to show that they were first made aware of the rejected payments on 15 March 2023 via the SWIFT system – the messaging service used for international payments. But HSBC have explained that this system is not accessible to all staff members, and the payments were not returned to her account until 20 March 2023 and 21 March 2023. So, I think customer service representative gave her the most up-to-date information available to them when she called.

I recognise that Mrs B is out of pocket as a result of the failed transfers but based on everything I’ve seen, I don’t think this is HSBC’s fault. And I think the terms and conditions about making an international payment made it clear that returned payments could be affected by foreign change movements. I know that Mrs B will be disappointed with my decision, but I am not upholding this complaint and I do not think HSBC need to do anything further.

My final decision

I do not uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs B to accept or reject my decision before 19 December 2023.

Sienna Mahboobani
Ombudsman