

The complaint

R, a limited company complains about the way that HSBC UK Bank Plc handled a foreign currency transfer.

R wants HSBC to refund a charge which it says has been incorrectly applied.

As R is in liquidation, it is represented in its complaint by the liquidator, Mr F as well as a director of R, Mr D.

What happened

In October 2022, R wanted to transfer money from its HSBC Australian Dollar (AUD) account to its HSBC pound sterling (GBP) account.

Mr D said that he made the first transfer attempt online but then couldn't see a pending transaction so he called HSBC. Mr D says HSBC told him that it wasn't possible to make the transfer online so he used the telephone banking service. Mr D says that at no point did HSBC tell him the first transfer was pending or that there were insufficient funds in R's AUD account.

It took a few days for the transfer to appear in R's GBP account. Mr D then received a message from HSBC to say that R's GBP account was overdrawn. Mr D discovered that a charge had been applied to R's GBP account as the foreign exchange had been double-booked. When Mr D went to an HSBC branch, he was told there had been a mistake and that the charge would be reversed.

After HSBC considered R's complaint, it said that when Mr D spoke to HSBC, he didn't make it aware that he'd already transferred the money online. HSBC said there was a foreign exchange loss after the second attempt was reversed.

HSBC apologised that someone in branch told Mr D that it had made a mistake when it hadn't. HSBC credited R's account with £70 to say sorry.

Our investigator didn't recommend that R's complaint be upheld. He explained the evidence from HSBC showed that Mr D completed two transactions online and that it was the second online transaction which caused the foreign exchange loss. Our investigator said that Mr D contacted HSBC after the second transfer to say that it wasn't showing as pending.

Our investigator said HSBC then gave Mr D incorrect advice over the phone which led to a third attempt to transfer the money. But that this attempt was rejected so isn't the reason for the dispute. Our investigator thought HSBC's payment of £70 for any inconvenience caused by the third attempt was fair.

Mr F on behalf of R wasn't happy with the investigation outcome. He asked why, if HSBC says the second online transfer was an attempt, did it incur a loss. Mr F wanted to know why HSBC's online system didn't show the first online transfer was pending and that there were insufficient funds to complete the transfer. Mr F asked how such a large foreign exchange

loss could have happened given there were only minutes between the first and second online transfer.

Mr F was unhappy that HSBC has given conflicting information along the way. He wanted to know why R wasn't made aware of the charge before proceeding with the transfer.

Our investigator went back to Mr F on the points that he had made. In summary, our investigator explained:

- once a customer makes a payment online, the foreign exchange rate would be booked. The first transfer debited AUD 234,000 at 1.817091 and the second transfer debited AUD 234,470 at 1.816111.
- the second payment didn't go through due to insufficient funds but still had to be unwound so there was a foreign exchange loss.
- there's always a difference between buy and sell rates.
- he wouldn't expect to see a foreign exchange rate in the list of charges as the rate can move with the market.
- HSBC's foreign currency accounts don't show balances or transactions in real time
- HSBC display information about when to expect to see a completed transaction. So, our investigator thought it reasonable for Mr D to have checked the balance before making the second transfer.

Overall, our investigator agreed the level of service provided by HSBC could have been better. He thought £70 was fair compensation as the foreign exchange loss wasn't due to a mistake made by HSBC.

Mr F thanked our investigator but questioned how the charge had been calculated given the difference in exchange rate should equate to less than £100 rather than over £4,700.

Mr F says that Mr D did check R's activity history after the first transfer and the transfer wasn't shown as pending.

Mr F says HSBC didn't make it clear that there might be a foreign exchange reversal charge and he queries how it is still reasonable for HSBC to levy the charge given the mistakes made when responding to R's 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.

I realise that I have summarised R's complaint in less detail than the parties, and I've done so using my own words. The rules that govern this service allow me to do so. But this doesn't mean I've not considered everything that both parties have given to me.

As I could see that Mr F was concerned about how HSBC had calculated the charge, I asked our investigator to go back for clarification. Having done so, we shared the information with Mr F but have not had a reply.

I appreciate there have been inconsistencies in the way that HSBC has explained the loss

and I agree this must have been frustrating. However, I'm satisfied that HSBC has now correctly explained the foreign exchange loss.

When Mr D made the second online transfer, the booking was made to debit AUD 324,470.01 at the rate of 1.816111. When this transaction was cancelled, the reversal rate booked was 1.7701, so the loss is the difference between the two exchange rates.

This isn't a charge as such – it is simply the difference between the exchange rates used for the transfer and reversal. HSBC's business banking terms say that if there are insufficient funds to make the payment or the customer cancels the payment before HSBC debits the account, the customer will have to reimburse HSBC for any exchange rate losses that it incurs. The terms also say that if HSBC can't make a payment, it will convert the payment back to the original currency using the exchange rate at the time which may mean that the amount returned will be less than the original amount of the payment. So, I don't find that HSBC acted unreasonably by requiring R to reimburse the exchange loss incurred.

The evidence provided by HSBC confirms that Mr D made two online transfers on 26 October 2022 just over 12 minutes apart. It's unfortunate that this happened but I'm not persuaded that the duplication was HSBC's fault. As it has explained, foreign currency accounts don't show balances or transactions in real time and the transfer was booked for the next day. As far as I am aware, Mr D would have seen a message confirming the first transfer was booked, so it's difficult to see why he would have gone on to try and effect a second transfer so quickly after making the first. Although Mr F says that Mr D did review R's balance and recent transactions after the first online transaction, I don't think this changes the fact that he should have also seen a message confirming the transfer was booked with a time estimate of when it would complete. So, I think it would have been reasonable to expect Mr D to wait until the estimated time period expired.

Although HSBC may have given Mr D some incorrect information which led to a third attempt to transfer money using the telephone banking service, this didn't impact the foreign exchange loss which had already taken place after the second online transfer. At the point of making the second online transfer, I can't see that HSBC had intervened so I can't hold it responsible for the loss.

I also note that during the call when the third transfer attempt was made, although Mr D refers to difficulties the day before, he didn't actually say that he'd already made two attempts to transfer the money online. This means HSBC doesn't appear to have been aware of the attempts before making the third transfer attempt during the call. So, although inconvenient to R, I don't find that HSBC's misinformation warrants an award of additional compensation over the £70 already paid.

I fully understand Mr F's frustration with the handling of the transfers and complaints process. But the Financial Ombudsman isn't the regulator of HSBC – that is the role of the Financial Conduct Authority. So, I can't penalise HSBC for the perceived lack of understanding of its internal systems or the way it handled R's complaint.

Overall, I don't find that HSBC made a mistake which caused a loss to R, so I don't require it to refund any money. I'm sorry if this comes as a disappointment to Mr F and Mr D.

My final decision

My final decision is that I don't uphold this complaint in the sense that I consider HSBC UK Bank Plc has already done enough to put things right.

Under the rules of the Financial Ombudsman Service, I'm required to ask R to accept or

reject my decision before 1 November 2023.

Gemma Bowen
Ombudsman