

The complaint

A company which I'll call 'Z' complains that HSBC UK Bank Plc didn't transfer the correct amount when they made several international payments.

The complaint is brought on Z's behalf by their director, Miss C.

What happened

On 1 July 2022, Z made four international payments to a beneficiary. They made a further three payments for the same amount and to the same beneficiary on 24 July 2022. These payments were to be received by the beneficiary in US Dollars ('USD') using HSBC's exchange rate at the time, which Z had agreed to.

Z told us:

- All seven payments had been made in the same way, but the beneficiary had received less than expected on five payments. They believed the bank hadn't followed their instructions correctly.
- They'd had to make a further payment to cover the shortfall to the beneficiary of around \$2000 which they wanted HSBC to refund.

HSBC told us:

- The five payments had been converted into Canadian Dollars ('CAD') and then back into USD by the intermediary bank which had processed the payments as the payments were going to Canada.
- Z had selected different options for the fees to be paid on the payments – some said all fees were to be paid by them as the sender, and some said HSBC fees only.
- It had provided Z with the exchange rate it would use but it had no control over the actions of the intermediary bank and therefore weren't liable for any exchange rate losses.

Our investigator didn't recommend the complaint be upheld. She said the terms and conditions of Z's account with HSBC said that if the bank used an intermediary to make payments, the intermediary would use its standard exchange rate on the day the payment was made to convert it into the foreign currency, and HSBC wasn't responsible for this. She also said the terms of Z's account said that they would be responsible for paying any fees or costs that were due, not HSBC. So she didn't think the bank had done anything wrong.

Z didn't agree. They said the intermediary worked for HSBC and shouldn't have transferred the payments into CAD and back to USD, so they asked for an ombudsman to review their complaint and the case has been passed to me to decide.

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 it for broadly the same reasons as the investigator.

Z is unhappy that their beneficiary didn't receive the full amount for some of the international payments they'd sent, as these weren't any different from the ones where the full amount had been received. But I don't agree. I've seen that for the five payments where the beneficiary didn't receive the full amount, Z input on the payments that they only wanted to pay HSBC's fee's – not all the fees. I've also looked at payment receipts which Z's beneficiary received, and I can see there are different exchange rates being applied to these particular transactions as the payments are made into CAD and then back into USD. I recognise this would have been frustrating for Z as they believed the payments were all submitted in the same way, but I can't reasonably hold HSBC responsible for how Z input the payment request.

Looking at the statements, it appears that because the all the fees on these five payments weren't being paid by Z, they had to be sent via an intermediary bank, transaction charges and exchange rate changes would be payable. As HSBC didn't have any involvement in both how the payment was submitted, or which intermediary bank was used, I can't reasonably hold them responsible for any charges which were deducted by an intermediary bank.

I recognise that Z believes the intermediary bank works on HSBC's behalf, but don't agree as any intermediary bank would simply be enabling HSBC to make the payment its customer has requested. HSBC's terms make clear that both the intermediary bank *and* the beneficiary bank may impose charges on the international payment and that this is outside its control. So, I think Z ought to have reasonably been aware that there was a possibility HSBC would need to involve an intermediary bank in the international payment, and that it was possible a fee would be charged by them so their beneficiary may not receive the full payment they had requested.

I recognise that Z is unhappy about this, and they will be disappointed with my decision. But based on everything I've seen, I don't think HSBC has done anything wrong, so I won't be asking it to do anything more.

My final decision

Your text here

Under the rules of the Financial Ombudsman Service, I'm required to ask Z to accept or reject my decision before 28 July 2023.

Jenny Lomax
Ombudsman