

The complaint

Dr R and Mrs R are unhappy with the exchange rate applied by HSBC UK Bank Plc when they sent euros to their current account.

What happened

Earlier this year, Dr R and Mrs R used a notary to send €26,826.29 to their current account. They explained that at the same time, their relative, who I'll refer to as Mr R, also sent an identical amount to his own account with HSBC.

Dr R and Mrs R explained that the internationally published exchange rate on the day was just under €1.13 to £1. But HSBC applied a rate of €1.15 which they say caused them and Mr R a financial loss of around £500.

Before making the transfer, Dr R and Mrs R say they asked HSBC whether there were any fees to pay, and they were informed the cost was £5. They say Mr R was told there were no fees to pay.

Dr R and Mrs R say that when they spoke to HSBC, they were given conflicting information. They say that initially they were told that the funds were already converted by the sending bank to pounds before they were received into the account. They were later sent a letter informing them that the funds were received in euros.

HSBC said that they've followed the correct conversion process and didn't agree to cover the financial loss Dr R and Mrs R had calculated. They explained that they use the HSBC exchange rate applicable at the time of receiving the incoming payment which is outlined within the terms and conditions of the account.

They explained they don't use the rates advertised elsewhere. The HSBC exchange rates were derived from a live interbank market rate using the mid-rate, which is the average between the sell and buy rates with their margins applied. They explained they don't advise customers what their margins are, but they include it within the rate they advertise.

Dr R and Mrs R told HSBC they remained unsatisfied with their response. They said that HSBC has given Mr R over £500 compensation, following his complaint for the exact same situation. HSBC said they wouldn't consider the circumstances of another customer when reviewing Dr R and Mrs R's complaint. They said that they hadn't identified any error on their part, so they wouldn't agree to pay any compensation.

Unhappy with this, Dr R and Mrs R referred their complaint to our service. Our investigator said he was satisfied HSBC had applied their exchange rates to the funds received into the account fairly. Although the rate wasn't as competitive, our investigator thought HSBC had the right to determine their own exchange rate.

Our investigator also explained that while Mr R received a different resolution, our service can only look at whether HSBC treated Dr R and Mrs R fairly and can't consider their actions

on other cases. He didn't think the customer service issues meant that HSBC should pay compensation. Dr R and Mrs R disagreed and asked for an ombudsman to make 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.

The terms and conditions of Dr R and Mrs R's account explains that payments received into the account in foreign currency will be available to use right after HSBC converts it into pounds sterling using the HSBC Exchange Rate at the time the payment is received. It also sets out that there aren't any charges to receive money into the account in euros from the UK or EEA.

Based on this, I'm satisfied HSBC weren't obliged to apply the more favourable exchange rates that Dr R and Mrs R had seen. Under the terms and conditions of the account, HSBC are entitled to apply their own exchange rate to convert the euros into pounds at the time the payment was received. So, I can't agree they've treated Dr R and Mrs R unfairly here. It follows, I don't think HSBC are liable for the financial loss Dr R and Mrs R have claimed.

I appreciate Dr R and Mrs R say they were told that they'd be charged £5. However, as per the terms and conditions, HSBC don't apply a charge to pay euros into their account. I can see from the 'Advice of Sepa Credit' sent to Dr R and Mrs R and from HSBC's records that there were no charges applied to the transaction. I'm satisfied Dr R and Mrs R haven't been financially disadvantaged by being provided with incorrect information when they were told they'd be charged £5.

I accept Dr R and Mrs R would've been caused some frustration and annoyance by HSBC giving them given inconsistent information on whether the funds were received in euros. But I can see HSBC confirmed the correct information shortly after the transaction. The 'Advice of Sepa Credit' of 3 March 2023, sets out that the funds were received in euros and then converted to pounds as well as the exchange rate that applied.

Taking everything into account, I don't think the impact on Dr R and Mrs R was significant enough to award compensation.

I know it must be disappointing for Dr R and Mrs R that HSBC compensated Mr R for the same issue. However, this alone isn't enough reason for me to say HSBC should also compensate them. When reaching my decision, I can only consider the individual circumstances of Dr R and Mrs R's complaint. Having done so, I'm satisfied HSBC have treated them fairly, so I won't be asking them to do anything.

My final decision

For the reasons explained above, my final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Dr R and Mrs R to accept or reject my decision before 15 November 2023.

Ash Weedon

Ombudsman