

The complaint

Mr W complains that his bank, HSBC UK Bank Plc refused his attempted payment, but couldn't explain why this had happened. Mr W, who lives abroad, said the delay in completing his foreign exchange transaction caused him to lose about £8,500.

What happened

On 16 August 2022 Mr W tried to transfer a sum from his UK HSBC account to a foreign exchange firm to convert into euros, followed by a transfer to his overseas bank account. Mr W thought this was blocked as he only had premier banking abroad whereas a relative had this in the UK and his transaction completed. He immediately applied for premier banking.

Mr W said he moved his funds according to the maximum daily sum permitted by HSBC, taking 20 days to complete. He said HSBC belatedly told him he could also make daily payments from his two savings accounts, but when he tried this security alerts blocked and cancelled the additional payments, and his account was frozen.

Mr W said he'd told HSBC the transaction was time critical on 16 August 2022 when the exchange rate for sterling to euro was 1.1807. He said this dropped to 1.1637 on completion on 29 August 2022. Mr W put his financial loss at about £8,500 and he complained to HSBC.

HSBC said Mr W had to visit a UK branch to process his high value payment in line with its procedures. It said all customer checks must be approved before high value payments can be processed and his recent upgrade to premier banking led to some checks being unsuccessful and his payment being rejected. HSBC apologised for its poor service and its staff's failure to alert Mr W to other payment options and paid Mr W £100 compensation.

Mr W wasn't satisfied with this and said HSBC should have adapted its procedures and shouldn't have taken a week to give him premier banking or 10 days to tell him he could transfer the daily limit from each of his three accounts. He said his new PIN wasn't recognised by HSBC's system and the payments were still held up. Mr W said the compensation was inadequate and referred his complaint to our service.

Our investigator didn't recommend the complaint be upheld. She said HSBC provided poor service to Mr W with incorrect information and incomplete details about the transfer limits. But she said HSBC's compensation fairly reflected the impact this, and so it had acted reasonably. The investigator added that she would only recommend HSBC cover Mr W's loss if this was a direct result of an error, but she was satisfied he wouldn't have been able to transfer his total fund on 16 August 2022 as his accounts were subject to HSBC's limits.

Mr W disagreed with the investigator and requested an ombudsman review his complaint. He said it may be true that HSBC followed its procedures, but they conflict with its marketing. But the main issue was very poor customer service which relied upon teams that didn't communicate amongst themselves, with a limited knowledge of the procedures and how they should be applied. Mr W said that by the investigator's logic he should be compensated for the week that the transfer was delayed because of incorrect advice provided by HSBC.

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.

HSBC has apologised to Mr W for the poor advice he received. I have considered the events and service provided by HSBC in comparison to what ought to have happened to see what Mr W might have done differently and to consider the impact this had on him.

Mr W made multiple calls to HSBC during the transaction, the first being with an HSBC adviser on 16 August 2022. In this call Mr W asked about transferring his entire sum to the foreign exchange company. HSBC's adviser told him he couldn't do this unless he visited a UK branch of HSBC or sent a cheque or upgrade to premier banking. He was told the maximum daily limit for sending money to other accounts within the UK is £25,000.

I've checked and this was correct information, available to all HSBC customers on its website. I think this was what customers would rely on over global marketing. I've also seen that HSBC's procedures don't allow premier banking status held abroad to automatically apply to UK banking, and so Mr W had to apply for this separately. This is a service that HSBC offers, and it was entitled to carry out checks on his application.

However, Mr W wasn't told that he could also transfer the daily limit of £25,000 from his savings accounts and he continued to use only his current account. On 26 August 2022 HSBC's complaints team informed Mr W he could transfer £75,000 per day as the limit is £25,000 per account and he had three accounts. Had it done so he should have been able to transfer the entire amount within seven days, rather than it taking another week though he encountered difficulties from bank transfer security checks.

I agree with Mr W that ideally this information would have been provided on his first contact with HSBC. However, I can see that HSBC's adviser was trying to assist with advice about Mr W's current account – there was no reference by either party to his other HSBC accounts and so I can understand that these weren't the focus of the HSBC adviser at that time. Mr W said that as he'd been forced to change his phone banking password, the transactions were still held up or prevented.

From HSBC's records I can see Mr W was somewhat pushed around its system, including to a wealth manager and a branch manager who were unable to help him upgrade his account to premier banking. Mr W was also misadvised that he could go into a branch of HSBC abroad and make the payment. I'm pleased that HSBC has apologised for this poor service.

In terms of the impact of the poor service on Mr W, I think that had he known the daily limit for transfers applied to each of his accounts he could have transferred the sum seven days more quickly. However, neither Mr W nor HSBC could have been certain that the exchange rate would move against him. In the initial call HSBC provided Mr W with other options, such as paying the entire sum by cheque or visiting a UK branch of HSBC and transferring the sum there. Mr W chose not to take these options in favour of daily transfers of much smaller amounts and so took on some risk of incurring adverse exchange rate movements.

Foreseeability of the loss caused is a key criteria for the award of compensation and it was lacking here. Nevertheless it's clear that Mr W was caused inconvenience and stress by HSBC's poor service. HSBC has paid him £100 for this and I think this is a fair reflection of the stress and inconvenience Mr W suffered at the time.

My final decision

For the reasons I have given it is my final decision that the complaint is not upheld.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 30 August 2023.

Andrew Fraser
Ombudsman