

The complaint

Mr H complains that HSBC UK Bank Plc trading as first direct wouldn't provide him with information regarding their exchange rates while he was making a transfer.

What happened

Mr H contacted first direct as he wanted to make a transfer of 77,000 Euros to his sterling account. He asked first direct for an exchange rate but said they were vague and the member of staff couldn't answer his questions. He said they simply gave the exchange rate they could see on their computer.

Mr H was unhappy as he wanted to know at which amounts the rate would change. He said first direct told him they had given enough information, and that they don't share the exact detail of currency transactions or divulge the cut off points for changes in exchange rates. Mr H complained as he'd had this problem before when transferring money overseas. Because of this, he wanted to get a near exact exchange rate for the amount he wanted to transfer, but also wanted to know at what amounts the rate would change.

First direct said they apply a margin to the market rate, which differs depending on the amount sent or received. Although the margins are set on their exchange rates, they do periodically review them and they are subject to change at any time. They explained that they do not disclose their margin or tier levels but are always transparent on which rate they are offering at any given time.

Mr H wasn't happy so brought his complaint to our service.

The investigator looked at everything and was of the opinion that first direct had acted reasonably. She listened to the call Mr H had made when wanting to transfer his money and found that the advisor explained they can only give an indication rate, which is subject to change. During the call Mr H asked if the advisor could give him the 'sliding scale' rate, dependent on the amount being transferred. The advisor explained the rate does improve with larger amounts, but they can only give the indication rate in line with their process.

The investigator explained that the rate first direct use is a retail market rate and they apply a margin. Each bank will set their rate and margins accordingly, which is a commercial decision, so she wouldn't expect them to disclose this information. Because of this, she didn't ask first direct to do anything further.

Mr H disagreed and so the complaint was passed to me. I carried out an initial review and asked first direct for some more information in relation to why they wouldn't be able to provide the information Mr H had asked for.

First direct responded and explained their advisors wouldn't have access to that information due to its sensitive nature and complexity. They said they also wouldn't be in direct contact with the area that could provide that information, and their process was to only give an indicative rate.

The investigator explained this to Mr H who remained unhappy with the explanation. Because of this, I reviewed the complaint afresh in order to give my 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.

After considering everything, I agree with the investigator for the same reasons. I will explain why.

When Mr H called first direct he was given an indication rate and was told that it was subject to change. When he asked about the rate changing for different amounts, he was told the rates do change depending on the amount and they do get better if larger amounts are sent, but ultimately, the advisor was only able to give him a single indication rate at the time.

I can understand Mr H's argument for wanting to know what the rate was at that time for the 77,000 Euros, and at what amounts the rate would change. This is why we asked first direct whether they would be able to give any more information on the reasons for not providing this information. They explained that their advisors do not have access to detailed information like indication rates for different pricing tiers, due to the sensitive nature and complexity.

Additionally, first direct explained that their Treasury Department doesn't have direct communication with wider areas of the bank, due to their roles and responsibilities.

Market conditions may change with all currencies, as exchange rates are live rates. As currencies can be volatile in these market conditions, advisors can explain that higher value payments may receive a better rate of exchange, but that is all.

Given this, first direct's current process is to provide a single rate which is for indication purposes only. And I find this to be reasonable.

It is down to a bank to set their own rate and margin, and that is down to their own commercial decision. The rate of exchange is live, and therefore the rate obtained will depend on the actual rate at the moment a payment is converted.

I understand that Mr H feels first direct should provide more information so that customers can make an informed decision. He feels they have fallen down here and wants them to be held accountable.

Mr H has also mentioned other people who may be affected by higher rates – however I must explain that my role is to look at Mr H's circumstances only. As a service we take each complaint on its own merit and can't look how a situation may affect others.

We also don't have the powers to tell a business how or where they should set their rates and margins. This is a commercial decision and I find first direct's explanation reasonable.

Given everything, while I do understand Mr H's reasoning for wanting to know the rate for his exact amount, and the amounts at which the rate would change, I'm not able to say that first direct have done anything wrong by not providing this. Their explanation is reasonable, and one of commercial judgment.

Because of this, I won't be asking them to do anything further. I know this will come as a disappointment to Mr H, but I hope he understands my reasoning and feels reassured that someone impartial has considered his complaint fairly.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 26 July 2024.

Danielle Padden
Ombudsman