

## **complaint**

Mr and Mrs C complain about charges that have been applied in relation to three foreign cheques paid into their account with HSBC Bank plc.

## **background**

Mr and Mrs C received three substantial cheque payments in Euros. They say that, prior to arranging for payment to be made in that way, they opened a Euro-denominated account with HSBC after receiving specific assurances from HSBC that they would incur only modest account charges.

They explain that this was particularly important for them as they wished to avoid the high transaction charges, calculated by reference to the value of the cheque, that they had experienced before with foreign banks.

Once the payments were complete, Mr and Mrs C saw that – alongside the small transaction charges applied by HSBC – there were also substantial charges levied by HSBC's correspondent bank abroad.

Mr and Mrs C say these additional charges are unfair and do not accord with what HSBC agreed with them. They say they would have arranged to receive the money by a different method if they had realised what would happen. They consider that HSBC is responsible for the actions of its correspondent bank abroad and so should refund the disputed charges.

HSBC says that the disputed charges were not within its control and that it had told Mr C it could not give him any assurance about them. As the problem remained unresolved, Mr and Mrs C brought their complaint to this service where an adjudicator investigated it.

From the available evidence, the adjudicator concluded that HSBC had probably not given Mr and Mrs C any assurances about the level of charges that would be applied by the foreign bank. In view of that, the adjudicator did not consider that the complaint should succeed.

Mr and Mrs C did not agree and said, in summary:

- The messages from HSBC that the adjudicator is relying on were sent after the cheque transactions had already been made, yet she did not take account of Mr C's own email that was sent beforehand. That email made Mr C's understanding of the position regarding charges completely clear, and HSBC did not contradict him.
- In discussions with HSBC they made it entirely clear that they meant the total charges applied by all banks involved in the transaction – not just HSBC's. They ruled out anything that would involve a transaction value-based charge, as they were not willing to pay a high charge for what was essentially a clerical service.
- The email that the adjudicator particularly mentions was not even sent by someone who was a party to the main discussions. They do not accept that this communication is relevant.
- It is not credible that HSBC had no knowledge of, or control over, the charges that would be levied by the foreign bank that it used as its correspondent.

- Even if that were the case, there is nothing to show that they were told this before committing to sending the cheques for collection through HSBC. If they had been told that HSBC could not give any indication of the charges, they would have sent the money another way.
- HSBC, and the adjudicator, are quite wrong to say that these sorts of charges are not open to negotiation. They are not confident that an impartial approach has been taken to their complaint and may decide to take court proceedings to compel the personal attendance of the person they spoke with at HSBC.

### **my findings**

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint.

The email exchange in which the Premier Client Manager told Mr C that the exchange rate and foreign bank charges would not be known until presentation had taken place was not, in fact, sent after the cheques had already been paid in. Rather, it was some three months before, as part of an email discussion about the possibility of opening a Euro-denominated account and the costs of collecting the Euro cheques into it.

Mr C now accepts that this is the case, but feels that it was in the nature of a “boiler-plate” response to his initial enquiries and should not take precedence over the specific oral assurances that he says he received from another staff member in the International Payments department at a later date.

We have tried to get recordings of Mr C’s phone conversation with the International Payments department, but this has not proved possible. I realise that this is frustrating for Mr C, and it would certainly have been helpful if a recording had been available. As it is not, I must decide the complaint on the basis of the evidence that is to hand.

On 7 July 2014 the Premier Client Manager emailed Mr C about the cost of collecting the cheques, saying:

*Foreign cheques for collection attract a flat HSBC fee of £28 per cheque. The exchange rate will not be known however until the funds are received which can be up to 8 weeks and [nationality] banking fees would be unknown to HSBC until the presentation has been completed.*

Mr C says that he was subsequently told orally by the International Payments department that the overall charges by all the banks involved would be minimal. In his email to HSBC of 9 September 2014, which he regards as clearly confirming his understanding of what HSBC had told him about charges, he says:

*Dear [Premier Client Manager],*

*I am now back in [town] and would like to meet up when convenient to you. I have several bank drafts totalling around €910,000. There is a further balance, currently held by our lawyer, to be paid.*

*As we agreed there would be a small flat charge for collecting these checks for credit into our new euro account (no ad valorem charge which the [nationality] like!!).*

*We can discuss Investment services when we meet.*

I accept that it may well have been in Mr C's mind that he did not want to pay the foreign bank anything other than a small administrative charge, but that is not reflected in these communications between Mr C and HSBC. What is discussed is the charge that HSBC will make for collecting the cheques, and the information given about that is accurate.

Contrary to what Mr C believes, HSBC cannot individually negotiate the charges that a foreign bank applies in relation to cheque payments of this type and value, and is not in a position to control what charge the foreign bank can apply.

Given that, I consider it unlikely that the person to whom Mr C spoke in the International Payments department would have told him something quite different, and provided a specific (but incorrect) assurance that the foreign bank would also make only a minimal charge.

I realise that Mr and Mrs C feel very strongly indeed about what has happened, and it may be that there was some misunderstanding between them and HSBC about what charges they were seeking assurances about. But, in all the circumstances, I am not persuaded that HSBC misled them about the nature of the charges that the foreign bank would apply. It follows that I cannot uphold their complaint.

#### **my final decision**

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

Under the rules of the Financial Ombudsman Service, I am required to ask Mr and Mrs C to accept or reject my decision before 9 July 2015.

Jane Hingston  
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