

complaint

Mr L complains that when he told HSBC Bank Plc he disputed the currency in which a debit card transaction to his account had been processed it took no action to assist him.

background

Mr L made a payment to an overseas retailer using his debit card. He asked that this be processed in local currency but noticed from his statement that it had been processed in pounds sterling by the retailer. When he raised this with HSBC it told him to contact the retailer but the retailer said that it was unable to reverse the payment. He again contacted HSBC and it told him in a secure message that it was dealing with this. Mr L complained that he had not had a response and he did not receive a reply to his complaint before he referred it to this service.

our adjudicator's view

The adjudicator did not recommend that the complaint be upheld. She said that HSBC correctly processed the transaction based on the payment Mr L made to the retailer. Mr L did not agree and said, in summary, that the usual practice should be for HSBC to contact the retailer to claim a chargeback. He referred to the relevant chargeback rules and said that he did not accept that there had been no error and that he did not consider this to be a trivial matter.

my provisional decision

After considering all the evidence, I issued a provisional decision on this complaint to Mr L and to HSBC on 11 March 2015. I summarise my findings below.

I had asked HSBC to comment specifically on why it did not attempt a chargeback in this case. I had also asked that it set out what the difference in the amount debited to Mr L's account would have been, had the payment been made in the overseas currency and then converted by HSBC to pounds sterling. It said in response that it was the passive party in the transaction and if there was an exchange difference it would be for the retailer to identify and refund. It said that a chargeback would have been entirely inappropriate as Mr L did not challenge the legitimacy of the transaction and that, if it had made a chargeback, this would have damaged his relationship with the retailer.

I noted that on the copy of the receipt Mr L provided he expressly wrote that he wanted the transaction undertaken in local currency and did not tick a box agreeing that it should be processed in pounds sterling. Although it was the retailer that ignored these instructions, I considered Mr L was entitled to ask HSBC to take up the matter on his behalf, especially as he had been unable to resolve this directly.

I said Mr L was correct to identify that there is a relevant chargeback reason and related code for a dispute of this type. I had looked at the VISA International Operating Regulations (October 2013) that would appear to cover this transaction. My interpretation of these regulations was that a retailer (merchant) must inform a cardholder that currency conversion from the local currency (known as dynamic currency conversion) is optional. It must also ensure that it has the express consent of a cardholder to apply a currency conversion. There is a specific chargeback code that is relevant to a dispute over this process. This is reason code 76 (appearing on page 792 of the regulations). This section says that a chargeback request can be made for 120 days after the transaction.

I had reviewed the secure messaging between Mr L and HSBC about this transaction. There were other issues being dealt with at the same time. But, I could see clear reference to Mr L asking HSBC to undertake a chargeback.

Subject to any further representations by Mr L or HSBC my provisional decision was to uphold the complaint. I considered that HSBC made an error in not attempting a chargeback. I did not propose to attempt to calculate what the difference in the transaction amount would have been had it originated in local currency. I could see no reason why HSBC could not have accurately calculated this, noting that the terms and conditions for its debit cards state that the relevant rate would be the *"VISA Payment Scheme Exchange Rate applying on the day the conversion is made"*. Instead I provisionally decided to make an award of compensation of £100 to Mr L which would notionally include any exchange losses or additional fees relating to this transaction. More importantly it would compensate him for the inconvenience he has been caused by this matter and in the way in which his complaint has been handled by 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.

HSBC said that it was prepared to accept my provisional decision. Mr L confirmed that he had received my provisional decision but did not make any further comments.

I see no reason to depart from the provisional conclusions that I reached on this complaint.

my final decision

In light of the above, my decision is that I uphold this complaint and I order HSBC Bank plc to pay Mr L £100.

Under the rules of the Financial Ombudsman Service, I am required to ask Mr L to accept or reject my decision before 28 May 2015.

Michael Crewe
ombudsman