Ombudsman Decision
CIFO Reference Number: 25-000353
Complainant: Mr P
Respondent: HSBC Bank Plc, Jersey Branch

Complaint

The complainant, who I'll refer to as Mr P, is complaining about HSBC Bank Plc, Jersey Branch because of the charges he incurred when converting between currencies on the placement and maturity of four fixed term deposits (FTDs).

Background

Mr P opened an HSBC Expat account (denominated in Euros) in March 2025. He subsequently made online applications to open four separate FTDs, each with a one-month term and the last of which matured in July 2025. The FTDs were set up in GBP with the Euro account selected to receive the maturity proceeds.

After the FTDs matured and interest had been added, Mr P ended up with less than he invested. Part of this loss was down to movements in the currency markets between placement and maturity. The rest resulted from charges applied by HSBC when converting money between Euros and GBP on the placement and maturity of each FTD. It's these charges that are the subject of this complaint.

[1] Financial Services Ombudsman (Jersey) Law 2014 Article 16(11) and Financial Services Ombudsman (Bailiwick of Guernsey) Law 2014 Section 16(10)

Our adjudicator didn't recommend the complaint be upheld. He considered that HSBC's terms and conditions refer to the costs of foreign exchange with associated FAQs describing how a margin is applied to the foreign exchange rate.

Mr P didn't accept the adjudicator's assessment. He maintains HSBC wasn't clear about applying a margin to convert between currencies, particularly for FTDs. He also says that he didn't take up the bank's offer to speak to a relationship manager before opening the FTDs as he didn't think he needed to.

The complaint has now been referred to me for review.

My Findings

I've carefully considered all the available evidence and arguments to decide what is, in my opinion, fair and reasonable in the individual circumstances of this complaint. In considering what's fair and reasonable, I've had regard to the relevant law and regulations; any regulator's rules, guidance and standards, codes of practice, and what I consider was good industry practice at the time. In setting out my decision, I haven't necessarily mentioned or addressed every point raised by the parties. Instead, I've concentrated on the key issues that I think are central to the outcome of the complaint. This is in keeping with our established purpose to act as an informal alternative to the courts.

I've listened to a recording of the welcome call between Mr P and one of the bank's agents in March 2025. During the call, the agent offered to arrange for him to speak to a relationship manager who could advise him on a number of issues, including FTDs. Mr P declined this option and submitted online applications himself.

Because Mr P didn't receive advice from HSBC, the bank wasn't responsible for ensuring the FTDs he selected were suitable for his circumstances and needs. This notwithstanding, I would still expect the bank to provide him with the information he needed to make an informed decision about the course of action he was considering.

It's common practice for banks to apply a margin when converting money from one currency to another and HSBC has provided a screenshot from its online application that says:

> *If you want to pay your funds into an account of a different currency, we'll complete a foreign exchange transaction using the live rate on the day your account matures. You may receive less or more than the original amount you deposited.*

While this doesn't explicitly refer to the margin applied to currency conversions, I think it did make it clear that the requirement for foreign exchange transactions may mean Mr P would end up with less than he invested.

I've also considered the account terms and conditions that are relevant to an instruction made between accounts held in different currencies and these state under *"Important Notes"*, that:

> *If you pay in money in a currency other than the currency of your account, we'll assume you want us to convert the money into the currency of your account. We'll do this at our exchange rate that applies at the time we receive the payment*.

I believe this makes it clear that a currency conversion will take place where there's an instruction to pay money into an account in a different currency. The mobile banking FAQs on the Expat website define HSBC's exchange rate as follows:

> *This is the rate you get when you complete your foreign exchange transaction. It includes an HSBC Expat margin, which is determined by several factors, including (but not limited to) the currency pairs being exchanged, customer segments and transaction amount.*

I appreciate Mr P feels the situation could have been made clearer, but I'm satisfied the available information did set out that HSBC was entitled to apply a foreign exchange margin on placement and maturity of each FTD. Further, the application specifically warned that paying funds into an account in a different currency could result in a return lower than the amount invested. If Mr P was in any doubt about the reasons for this, he could have contacted the bank for further information and advice.

It's for these reasons that I'm not upholding this complaint. I appreciate this will come as a disappointment to Mr P, but I'm satisfied the outcome is fair and reasonable in the circumstances.

My Final Decision

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

Jim Biles
Ombudsman

Date: 31 March 2026