

complaint

Mr W complains that HSBC Bank Plc, trading as first direct imposed transaction fees when he withdrew money abroad despite his premium account offering free overseas cash withdrawals.

background

Mr W usually spends over two thirds of the year abroad and he opened a premium account with first direct which offered free overseas cash withdrawals. He paid a monthly fee for this account. In November 2013, following intervention from the Office of Fair Trading (OFT), first direct, along with other banks, changed how overseas transactions were recorded on its bank statements. Now it sets out what it describes as "*non-sterling transaction fees*" which previously were not specified on statements, but were included in the exchange rate used to convert the money withdrawn.

This alerted Mr W to the fact that he had incurred costs which he had not been aware of and he complained to the bank. The bank rejected his complaint on the grounds that the free overseas cash withdrawals provided by his premium account were the ATM withdrawal fees which he had not been charged. It also said that this had been explained in the leaflet given to Mr W when he opened the premium account. Mr W brought his complaint to this service.

The adjudicator did not recommend that this complaint be upheld. She concluded that the bank had not misled Mr W in how it described overseas withdrawals previously and it had been under no obligation to show them separately in his bank statements. Mr W did not agree and said that the bank had hidden the fees and relied on small print to excuse its deliberate misdirection.

my findings

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

Firstly I should make it clear that the role of the Financial Ombudsman Service is to resolve individual complaints and to award redress where appropriate. I do not perform the role of the industry regulator and I do not have the power to make rules for financial businesses or to punish them.

I can understand Mr W's frustration when he realised he was paying additional costs for something he thought was free. However, for the reasons set out below, I find myself in agreement with the adjudicator's conclusions which I realise will come as a disappointment to Mr W.

I have looked at the marketing material supplied by the bank explaining the benefits of the premium account. In this it points to one of the benefits being: "*a wide range of travel benefits including cash withdrawals which are free from ATM transaction fees*". However, it adds: "*We still charge an exchange rate adjustment of 2.75% applied to currency conversion rates*". I would add that this clarification is not hidden in the small print, but is quite prominent.

I also note that in 2002 Mr W complained about being charged for overseas withdrawals. The bank responded and explained that it charged a 1.5% ATM charge and a separate exchange rate adjustment of 2.75% to cover handling costs which was included in the exchange rate used.

While I can appreciate that Mr W assumed that he would not incur any charges when withdrawing money overseas the bank has made it plain that there would be a separate exchange rate adjustment and that this was not free to premium account holders. This was not hidden in the small print.

I agree that the bank did not spell out these charges in Mr W's statements, but it was under no obligation to show the exchange rate adjustment separately prior to 2013 and I cannot hold it to be wrong for not doing so. I recognise that Mr W considers this to have been wrong given the subsequent change brought about by the OFT, but as I have explained above my role is not as a regulator of financial businesses. As such I cannot safely conclude that the bank has done anything wrong in this matter.

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 W to accept or reject my decision before 5 December 2014.

Ivor Graham
ombudsman