

The complaint

Mr P has complained about HSBC UK Bank Plc. He said he was mis-sold an investment bond. He said he was pressured into accepting an investment he didn't want. Mr P thinks he has suffered investment losses because of this and would like to be compensated. He said he has also suffered distress and inconvenience.

What happened

Mr P met with an advisor from HSBC during a few meetings in 2021. During these meetings, the advisor recommended to Mr P that he set up a discounted gift trust with HSBC and invest £100,000 in an HSBC onshore investment bond.

Mr P said he had met with the advisor twice in the past to discuss investing his cash savings with one purpose being to reduce his inheritance tax liability. He had been recommended by the advisor from HSBC, setting up a discounted gift trust twice before but with a third party. Mr P said he attended the meetings wanting to set up a third trust with the third party, but through HSBC. He said during the meeting he felt the advisor had tried to push his own product onto him and pressured him into having it.

Mr P said HSBC told him that the performance of the bond would be comparable with his previous investments, that he could cancel it at any time and obtain an up-to-date valuation of the bond at any time online. He said all three of these statements have turned out not to be the case. He complained to HSBC about this and said he had been mis-sold the investment. He said it was the way its advisor had sold the investment to him that he thinks means it mis-sold it.

HSBC said in response that there were a series of zoom call meetings where its advisor gave restricted advice to Mr P. Restricted advice it says was explained to Mr P and meant the advisor was recommending investments from a restricted list rather than the wider market. It said there was no evidence that it could see of any pressure being applied on him during these meetings and said there was a period of two weeks between its advisor's recommendation and Mr P agreeing to go ahead with the investment. HSBC said Mr P had sufficient time to reflect on the advice given and then agree to it.

HSBC also points to what its advisor said within the meetings along with a disclosure video that it sent to Mr P. It said this all pointed to Mr P not being under any obligation to accept the recommendation provided by its advisor. HSBC also said Mr P could obtain a valuation of his bond online and explained that Mr P couldn't terminate the trust but could switch funds within it. It finally concluded that it was not prepared to refund Mr P the one-off advice fee charged or agree to any of his other suggested redress. Mr P was not happy with HSBC's response, so he referred his complaint to our service.

An investigator looked into Mr P's complaint. He said he couldn't uphold Mr P's complaint. He couldn't see that HSBC had made any errors. He said he couldn't see any evidence of a pressured sale. He concluded that the documentation showed that HSBC were clear from the outset about the limited selection of products and its subsequent recommendation. He

went on to say from the information provided, he'd seen nothing to suggest the type of bond recommended to Mr P didn't match his needs.

Mr P is not in agreement with the investigator's view. So, as he does not agree with the investigator's findings, his complaint has been passed to me, an ombudsman, to look into.

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.

I've looked at the complaint afresh and I've independently reached the same conclusions as our investigator. I will explain my reasons.

I've had the benefit of seeing some of the paperwork completed by the parties in the meeting. This includes information recorded by the advisor in the 'financial planning report' and a 'fact find'. I think it is reasonable for me to rely on the information in these reports and other sales documentation such as the key features document, to give me an idea as to what was discussed in the meeting. The sales documents from the time give me some idea as to Mr P's risk approach was at the time, what his objectives were along with his financial circumstances.

The following information is recorded in the documentation:

- Mr P at the time was 77 years old and retired.
- There were no significant regular expenditure or other liabilities recorded down.
- Mr P had objectives to reduce his inheritance tax liability, produce fixed income and get a better return on his money than holding it as cash.
- Mr P had two other bonds with a third party, taken out previously on advice given by HSBC, to meet the above objectives.
- Mr P had access to savings of more than £659,000 in cash-based funds or deposit accounts.
- It is recorded in the financial planning report that Mr P wanted to keep cash reserves of £138,292 along with an emergency fund of £17,268 along with planned expenditure of around £400,000. It was identified that Mr P had £100,000 potentially to invest.

Mr P says the advisor from HSBC took advantage of their business relationship and pressured him into accepting a HSBC product. He said it was the manner in which the advisor pushed the investment onto him that meant he was mis-sold it.

I have no reason to dispute Mr P's recollection. However, whilst Mr P's recollection is something I have taken into account, I must also weigh up HSBC's stance on events – it says it didn't pressure Mr P into having the investment and points to the sales documentation that it completed at the time as evidence that Mr P was recommended the investment and chose it.

Where there is conflicting evidence, I need to consider what is more likely than not to have happened, on the balance of probabilities. Though Mr P may have felt now that he was pressured at the meetings, I think the evidence from the time doesn't bear this out. Mr P met HSBC on two occasions and so because of this, he was able to have time to consider what had been said – and ultimately to change his mind if he wanted to. This is particularly the case after the recommendation was made. HSBC has also provided a link to a disclosure video that it sent to Mr P. I can see when I look at this along with the sales documentation,

that HSBC did make it clear to Mr P that he could say no to the recommendation at any stage.

Mr P said that it was the manner in which he was recommended the investment that means he was mis-sold it. He has given two examples of where he thinks the advisor from HSBC told him features about the investment that he says have turned out not to be true. He said he was told he could obtain an up-to-date valuation on his policy online at any time and also that he could cancel it at any time, he said again this is not the case. I acknowledge what Mr P is saying here but I don't think what he is saying is enough for me to draw any conclusion that Mr P was pressured or that he was mis-led about the investment.

Mr P said he needs to phone HSBC to obtain a valuation of his bond. He said this is time consuming and not what was said by the advisor. HSBC said Mr P can obtain a valuation online, based on the previous close of the day price. I can't be sure what was discussed in the meetings about this but, in any case, I don't think this point made by Mr P on its own, would be enough for me to safely conclude that he had been misled about the bond. This is because it does seem that Mr P can obtain a valuation of his investment online or on the phone, albeit I acknowledge Mr P's comments that this is time consuming for him.

Mr P also said he was told by HSBC that he could cancel the bond at any time by the advisor. Again, I can't be sure what was discussed between them during the meetings, but I have seen in the financial planning report that there is a section about the workings of the trust and that Mr P wouldn't be able to access the capital or growth on it. When I look at this and through the sales documentation in general, I haven't seen enough that I could safely say Mr P was mis-led here either.

In conclusion and based on what I have in front of me and what I have already concluded, I haven't seen enough that Mr P was pressured into having the HSBC offshore investment bond by the advisor. I think it was more likely than not that Mr P was recommended the bond by the advisor from HSBC, and he took that advice.

Looking at the wider suitability of the advice given, I believe Mr P was in a position to make the investment recommended. I think he had capacity at the time to absorb any investment losses. I am satisfied Mr P was in a strong enough financial situation to be able to invest.

I can see Mr P had clear objectives recorded down and these are not in dispute: to reduce his inheritance tax liability, provide an income and achieve a better return than cash. As far as I can see, he was financially comfortable at that time with readily available cash savings to draw on if needed. I am not aware of any unaddressed spending requirements. Mr P's circumstances at that time showed he was in a position financially to be able to invest for the medium to long term.

The advisor from HSBC recorded down Mr P's appetite for risk at that time as 'low'. This was recorded down by the advisor in the fact find. Overall, with the investment that was recommended to him, I don't find that Mr P was exposed to more risk than he wanted to take. The investment also met his other two objectives too. So, I don't think it was overall an unsuitable recommendation for him at that time.

To uphold this complaint, I have to be able to say that HSBC did something wrong or acted in a way that wasn't fair and reasonable. For the reasons I have set out above, I haven't seen enough to show that Mr P was pressured into taking the bond. Or that the recommended investment was too risky for Mr P or otherwise unsuitable. Based on all the information I have seen and been told, so far as I can see, the advice broadly met Mr P's needs and investment objectives and was suitable.

I appreciate that what I've said here will come as a disappointment to Mr P, but I hope that setting things out as I've done helps explain why I have come to this overall conclusion.

My final decision

I do not uphold Mr P's complaint about HSBC UK Bank Plc.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 12 December 2023.

Mark Richardson
Ombudsman