

## **The complaint**

Mrs S complains that HSBC Life (UK) Limited surrendered her Maximum Investment Plan (MIP) when she hadn't given instructions for this to happen.

To put things right, Mrs S would like HSBC to reinstate the MIP if possible or pay her compensation to reflect investment returns she lost out on as a result of the MIP having been surrendered.

## **What happened**

In October 2012, Mrs S invested in an HSBC MIP, paying in a total monthly contribution of £300. The initial plan period was ten years.

In December 2022, HSBC sent a letter to Mrs S telling her that the MIP was being surrendered.

When she complained, HSBC said it had sent Mrs S two letters in advance of the maturity date which set out her options and reminded Mrs S that she needed to provide instructions at least one month before the maturity date, failing which the whole plan would mature in line with the MIP terms and conditions.

Mrs S said that neither she nor her financial advisor had received letters from HSBC in advance of the MIP maturity date and she asked us to investigate.

Our investigator didn't feel he had seen enough to uphold Mrs S' complaint. He said HSBC had provided evidence to show it had sent the maturity letters and HSBC had acted fairly in the circumstances and in line with its terms and conditions when it surrendered Mrs S' MIP on the maturity date in default of receiving any other instructions from Mrs S.

Mrs S disagreed with our investigator and requested an ombudsman referral, saying:

- letters sent by HSBC in August and September 2022 hadn't been received by Mrs S or her financial advisor so '*... We were therefore unable to inform HSBC that we did not want the plan to be surrendered.*'
- The letter sent by HSBC in December 2022 referred to Mrs S' '*recent instruction to fully surrender*' the plan, which HSBC has acknowledged was misleading when no instruction was ever provided.

The complaint comes to me for a final decision.

## **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 carried out an independent review and having done so, I've reached the same conclusion as our investigator. I'll explain my approach and how I've reached my decision.

We offer an informal dispute resolution service and we focus on deciding whether a financial business has made any error or acted unfairly or unreasonably.

I understand Mrs S' complaint to be that HSBC shouldn't have surrendered the MIP before checking with Mrs S that this was what she wanted to happen. And she feels upset that HSBC subsequently wrote suggesting that she had given instructions for the surrender when Mrs S had given no such instructions and she hadn't wanted to surrender the MIP.

HSBC's terms and conditions were amongst the paperwork it sent to Mrs S in October 2012 when she took out the MIP, which included the Policy Document and Key Features information together with notice of her cancellation rights. Mrs S would have been able to see the following information:

***'5. Plan extension option***

*At the end of the initial plan period...you have the option to request that some or all of your policies are extended for a further 10 years .....*

*To exercise this option we must receive written notification at our Administration Office at least one month before the maturity benefits are payable.*

***6. Surrender***

*We may surrender your plan or any policy in your plan by giving you written notice where:  
...• you or your adviser have failed to provide by specified deadlines such information as we have requested from you to fulfil our legal or regulatory obligations,*

***8. Instructions to us***

*... we will require written notification, together with any supporting documentation we request, before we can action any of the following:*

*...*

- exercise of plan extension option,*

***16. Plan maturity***

*Your maturity benefits will become payable at the maturity date or, if you have extended your plan in accordance with clause 5, at the revised maturity date. Your plan will then end and we will have no further liabilities or commitments under your plan.*

***19. Payment of plan proceeds***

*Where plan proceeds are payable under clause 16...we will undertake the following actions;*

- sell all the fund holdings allocated to all of the policies in your plan where maturity or death benefits are to be paid or, sell the relevant fund holdings applicable to the individual policies being surrendered to meet surrender requests,*
- credit the sale proceeds to your cash account on the settlement date(s)...*

It's agreed by all parties that Mrs S didn't provide instructions to HSBC before her MIP reached maturity. So I can't fairly say that HSBC did anything wrong when it took action to surrender the MIP in line with the relevant MIP terms and conditions.

HSBC still needed to treat Mrs S fairly and reasonably throughout this process. I've thought carefully about whether it was fair and reasonable for HSBC to proceed with the surrender, without express instructions from Mrs S.

HSBC told me that maturity letters are automatically generated and posted 1st Class (Royal Mail) two months prior to the maturity date, and a further letter is triggered one month after that if the policy holder has not made contact.

HSBC has provided a back scanned copy of a letter dated 9 August 2022 sent to Mrs S some three months in advance of the maturity date which said her MIP would mature on 7 November 2022 and set out options:

Option 1 - allow the whole plan to mature and take the proceeds

Option 2 – continue the whole plan for a further ten years

Option 3 – Allow some policies in the plan to mature and others to continue.

The letter included a reminder that HSBC needed instructions at least one month before the maturity date otherwise the whole plan would mature with the proceeds going to Mrs S' cash account.

HSBC has also provided a back scanned copy of a further letter sent to Mrs S dated 8 September 2022 which repeated the key information included in its 9 August letter.

I find that HSBC took fair and reasonable steps to remind Mrs S about the impending maturity date and prompt her to provide instructions if she didn't want the plan to be surrendered at the end of the initial ten year term.

I'm aware Mrs S says she didn't receive the 9 August or 8 September letters from HSBC. But when a business provides evidence that a letter would have been generated and was issued, correctly addressed and sent, this service generally would accept that position. In this case, on a balance of probabilities, I'm satisfied both these letters regarding the upcoming maturity date were correctly addressed and sent to Mrs S using the same address the business had on file. I can't fairly hold HSBC liable for any delivery issues when it has done all I would reasonably expect and it isn't responsible for postal problems.

The MIP terms say that all notices are sent by post. So I wouldn't reasonably expect HSBC to have taken any other action to contact Mrs S ahead of the maturity date – keeping in mind that HSBC was aware that Mrs S would already have known she had signed up to a ten year plan and given that the default option was effectively one of the choices she had available.

On balance, I haven't seen enough overall to say that HSBC acted unfairly or unreasonably when it surrendered Mrs S' MIP.

I've taken into account that HSBC's letter dated 15 December 2022 incorrectly referred to Mrs S having provided an instruction to surrender the MIP. But the important point of this letter was the confirmation that the surrender was being actioned. I have found that HSBC was entitled to carry out the surrender in line with its terms and conditions and that it treated Mrs S in a fair and reasonable way when it did this, sending her ample notice in good time. So what Mrs S has said about this doesn't affect my overall view.

In order to uphold Mrs S' complaint I have to be able to fairly say that HSBC has done something wrong or acted unfairly or unreasonably – and I haven't seen enough here to do so. So I can't award the redress Mrs S would like me to.

I recognise that Mrs S will be disappointed that I've reached the same conclusion as the investigator but I hope that setting things out this way helps to explain how I've reached my conclusions.

### **My final decision**

I don't uphold Mrs S' complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs S to accept or reject my decision before 2 April 2024.

Susan Webb  
**Ombudsman**