

The complaint

Mr P is unhappy about the service provided by HSBC UK Bank Plc ('HSBC') in connection with an ISA* transfer.

**Individual Savings Account.*

What happened

Mr P held a Help To Buy ISA with another financial business (I'll call 'B') which he wanted to transfer to HSBC. He completed a transfer form which was specifically intended for use when transferring a Help To Buy ISA to HSBC and the money was intended to remain invested in a Help To Buy ISA. But when B identified a mismatch between the address it held on record for Mr P and the address he'd put on the transfer form, it rejected the request.

Subsequently, Mr P submitted a new transfer request form to HSBC which said he wanted to transfer his Help To Buy ISA with B to a Loyalty Cash ISA with HSBC. In line with his instructions, HSBC completed the transfer and opened a Loyalty Cash ISA for Mr P and paid in the proceeds from the Help To Buy ISA transferred from B.

When HSBC wrote to him confirming the position, Mr P realised straightaway that he'd made a mistake. He wanted HSBC to convert the current cash ISA it had set up back into a Help to Buy ISA and thought that HSBC should have realised this had been his intention all along, in line with the initial transfer request he'd submitted.

When he complained, HSBC said that regrettably it was unable to change the account as ISA funds are regulated by the government and HSBC couldn't make amendments when the account had been opened correctly in line with his instructions.

Unhappy with this response, Mr P brought his complaint to us. Our investigator thought that HSBC had correctly actioned Mr P's transfer request but felt there had been some shortcomings in the service it provided to Mr P overall. She recommended HSBC should pay Mr P £100 redress.

HSBC accepted the investigator's view and paid Mr P £100.

Mr P however disagreed with the investigator's view and he's asked for an ombudsman to look at the complaint. He mainly says that:

- branch staff should have spotted the error he'd made when he handed in the incorrectly completed form given that he'd chased up the matter with HSBC on multiple occasions by telephone after the first transfer was rejected and he discussed the history of the matter and his desire to retain the Help to Buy ISA.
- The Help to Buy ISA has a significantly higher interest rate and attracts 25% government funding when money is withdrawn towards a house purchase, so he's lost out on the £3,000 he potentially could have qualified for if he'd invested the maximum amount.
- The penalty of £100 is disproportionately small and does not reflect his efforts or the

many missed opportunities HSBC had to understand his proper intentions.

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.

Having thought about everything I've seen and been told, I've independently reached the same overall conclusions as our investigator. I'll explain why I say this.

I sympathise with Mr P's frustration about what happened. I fully accept that he'd always intended to keep his savings in a Help To Buy ISA and he mistakenly completed the wrong transfer form for this purpose. So I've thought carefully about how far HSBC is responsible for the impact on Mr P of what happened.

Mr P first approached HSBC to arrange the transfer in May 2024. HSBC acted promptly on his instructions – but the transfer request was rejected by B as Mr P hadn't updated his address details with B so there was now a mismatch. HSBC wasn't responsible for this happening. But it made enquiries and was able to tell Mr P on 14 June 2024 that it was the difference in his address details that had resulted in the transfer request being rejected.

There was further contact between HSBC and Mr P after this, both by phone and live chat. I've listened carefully to the call recordings provided and been able to see what was said during the chat sessions.

I appreciate that Mr P feels he was misinformed by HSBC about what needed to happen next to give effect to his wish to transfer his Help To Buy ISA. I can see that Mr P appeared to think that HSBC just needed to resubmit the transfer request that had previously been rejected. During a chat session on 12 June 2024, HSBC told him that the chat platform didn't have the necessary access or security to be able to help with his request. It said there were some additional checks needed also but that the specialist banking team could look into this for him and gave Mr P a contact number to call. I agree with the investigator that it would have been better if HSBC had made clear at that point that Mr P needed to complete and submit a new transfer request.

Mr P completed a second transfer form on 6 August 2024 and HSBC actioned this promptly.

I don't consider that there was any further onus on HSBC to contact Mr P to verify that he hadn't made an error and that the request he completed accurately reflected his intentions. The form itself was clearly identified as the one to use for the following: 'HSBC Loyalty Cash ISA Application, Cash Transfers In and Reactivation Form'. The form required him to set out explicitly what he wanted to do and Mr P ticked the option to say: 'TRANSFER a cash ISA FROM ANOTHER PROVIDER to a HSBC loyalty Cash ISA'. He signed a declaration to say that he was applying to subscribe to a HSBC Loyalty Cash ISA.

There was no reference anywhere to using the form to transfer into a Help To Buy ISA. So I think HSBC did enough to make Mr P aware what the form was for – and followed his instructions exactly as he'd directed.

There was no onus on bank staff in branch to double-check he hadn't made any mistake – Mr P hadn't arranged to get investment advice from HSBC, he was simply handing over the completed form with his instructions. I wouldn't reasonably expect branch staff to do more than receive the form and arrange to start the transfer-in process again – as it did. There was nothing obvious on the face of the form to suggest it wasn't correctly completed. So whilst this form did not achieve what Mr P intended, I can't fairly hold HSBC responsible.

I've taken into account that Mr P mentioned it wasn't easy finding the right forms to use on HSBC's website. But he'd previously located and completed the request form to transfer his Help To Buy ISA, so this isn't a good enough reason for me to be able to uphold his complaint.

HSBC however has accepted that in some respects, the service it provided fell short of the level of service Mr P was reasonably entitled to expect.

I am sorry that Mr P has lost the benefits of the money he had invested in the Help To Buy ISA he held with B before he transferred-out. But I don't consider I can fairly hold HSBC responsible for any resulting financial loss. And HSBC doesn't have power to 'convert' the ISA he's now opened into a different product as he would like it to do. As regulated products, different sorts of ISAs must be applied for correctly and managed strictly in line with regulations in order to preserve their tax and other benefits. So I can't tell HSBC to change his Loyalty ISA into a Help To Buy ISA.

Our role is not to fine or punish a business for its mistakes but to look at what's fair and reasonable in all the circumstances of a complaint to put things right. One way we would try and do this impartially here is to put Mr P in the position he'd be in if HSBC had not been responsible for any poor service issues.

Here, I think clearer advice in June 2024 about the need for him to re-submit a new transfer request would have helped limit some of the frustration Mr P felt at the delay. But it doesn't automatically mean that a larger compensation payment is due from HSBC. To be clear, I can't fairly say that better advice earlier on would've led to him filling in the correct transfer form. It was Mr P's responsibility to ensure he gave the instructions he intended to HSBC.

I think the £100 compensation paid by HSBC is fair and reasonable in all the circumstances. It fairly reflects the impact on Mr P of the shortcomings I have identified on HSBC's part. Beyond this, I don't agree that Mr P's experience with HSBC warrants further compensation. I am satisfied that £100 matches the level of award I would make in these circumstances had it not already been paid. It is in line with the amount this service would award in similar cases, and it is fair compensation for HSBC to pay Mr P in his particular situation.

So, looked at overall, I am satisfied that HSBC has already taken responsibility for addressing shortcomings it identified on its part and done enough to put this right.

I'd like to reassure Mr P that I've taken carefully into account everything he's told us. But rather than responding to each point, I've concentrated on the question of fair redress for what happened, as this is the main reason Mr P asked for an ombudsman referral. This reflects the fact that we provide an informal complaint handling service as a free alternative to the courts.

I hope that setting things out as I've done is helpful and even though this isn't the outcome Mr P hoped for, he will at least feel that his complaint about HSBC has been fully considered by the Financial Ombudsman Service.

My final decision

My final decision is that I do not uphold this complaint as I am satisfied that HSBC UK Bank Plc has already paid fair redress.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 16 January 2025.

Susan Webb
Ombudsman