

The complaint

Miss O complains an individual Savings Account (ISA) transfer from HSBC UK Bank Plc to a third party bank (A) took longer than it should have, causing her financial loss.

What happened

I sent the parties a provisional decision in November 2024, in which I set out the following background to the complaint and my provisional findings, as follows:

The circumstances that led to this complaint are well known by both parties, so I won't repeat them in detail, but will summarise below.

Miss O held a Stocks and Shares ISA with HSBC. She decided to transfer it to a three year fixed rate ISA with A and completed the paperwork with A for it to initiate the transfer.

Before completing the paperwork with A, Miss O contacted HSBC in August 2023 to obtain the correct HSBC address necessary for the forms. HSBC also advised Miss O stocks and shares ISA holdings are generally sold and settled within four days of receiving the transfer request. [Miss O has clarified A first told her she could sell her investment, explaining the funds would not earn interest if she did.]

She completed the forms using the address provided by HSBC, which was a London headquarters address and opened a new ISA with A in early September 2023. Miss O explained the transfer did not go through, so she chased up why this had not happened. During these enquires, HSBC explained it had provided her with the wrong address for the transfer form and provided her with a second address. HSBC has since further clarified that this second address was also incorrect.

Miss O explains the funds still did not transfer over for some time, eventually transferring over on 10 November 2023. Miss O explained she suffered financial loss because of these delays as her stocks and shares ISA had significantly reduced in value during this period.

Miss O said she recognised she could have sold her holdings earlier but decided against it as she expected the transfer to happen quickly and had no reason to think there would be a delay in the transfer.

Miss O has also complained she had to pay a fee to HSBC for managing her stocks and shares ISA that she would not have had to had the transfer been made in good time. She further complains A sent at least three letters to HSBC in September 2023 trying to arrange the transfer. Miss O said HSBC have not confirmed whether it received these letters.

Miss O explained there were further delays after the forms were finally received by HSBC in mid-October 2023, as it took nearly a month for the transfer to go through.

Miss O has provided details of the numerous calls, letters and emails she has made to HSBC to resolve these issues, both during the transfer and following. Again, these are

known to both parties so I will not repeat them in detail here.

HSBC has provided evidence showing it did not receive a transfer form until 18 October 2023. HSBC accepted it had provided Miss O with an incorrect address for where ISAs transfer requests should be sent. It apologised for this and explained it had found gaps in colleagues' knowledge and training about the correct address to provide.

However, HSBC disputed this caused the delay explaining A should have used an ISA database to obtain the correct address. HSBC explained the address on the transfer form was 'irrelevant' as the industry practise is to search the ISA database for the correct address and send the ISA transfer requests to this listed address.

Initially, HSBC said it hadn't done anything wrong regarding the transfer and did not offer any compensation for the delay explaining the transfer had taken place within 30 days of it receiving notification.

In February 2024, HSBC changed its decision, and offered compensation of £703.87 plus interest for the direct financial loss Miss O had experienced. HSBC said they 'should have had' this form by 29 September and accept there was a delay in processing the transfer. HSBC offered to pay £703.87 on the basis it thought it more likely the funds would have been sold on 10 October.

Miss O disputed this figure, she calculated her direct financial loss was £1,296.60, as she thinks the transfer ought to have completed within four days of the receipt of the letter. She has specifically cited the 22 October as the date the value of her funds should have been calculated from.

Miss O therefore claims HSBC owes her a further £592.73, not including interest, for the financial loss that occurred because of the delay.

HSBC did not accept Miss O's calculations as it did not accept responsibility for not receiving the forms, explaining A should have sent them to the correct address.

HSBC offered £150 compensation for the distress and inconvenience it had caused by giving Miss O the incorrect address.

Miss O has also explained how this financial loss from the failure to transfer the ISA will be compounded further overtime, with her describing how this results in a loss of her tax free wrapper for these funds and that she is unable to earn interest on these funds due to her personal circumstances. Miss O also explained she is receiving a lower rate of interest on her fixed rate ISA from A due to the delays.

Our investigator thoughts HSBC didn't need to take any further action. They explained HSBC had completed the ISA transfer within the required 30 calendar days after receiving the instruction from A.

Our investigator accepted HSBC had provided incorrect information to Miss O but thought this ultimately was not the reason for the delay. Our investigator thought HSBC had compensated Miss O fairly for the financial loss and distress and inconvenience. As Miss O rejected our investigators recommendation, this complaint has been passed to me to make a final decision.

Miss O has also complained about A which is subject to a separate decision. I limit my findings here to HSBC.

My provisional findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

I appreciate how strongly Miss O feels about her complaint. Although I may not mention every point raised, I have considered everything but limited my findings to the areas which impact the outcome of the case. No discourtesy is intended by this, it just reflects the informal nature of our service.

The rules governing ISA transfers state Stocks and shares ISA transfers to fixed rate ISAs must complete within 30 days. When assessing this complaint, and the separate complaint regarding A, I am clear this transfer did not happen within this time frame. As such I need to determine why, on balance, this happened and whether I think HSBC are responsible for any part of or all the delay.

Firstly, I am satisfied HSBC could only react to the request once it had received the documents from A. From the evidence I have seen, I cannot see HSBC received the documents before this date, I am minded that there is an explanation for this, and therefore accept on balance HSBC did not receive the transfer forms until 18 October 2023. Whilst I fully appreciate there were delays before that, from the evidence I am provisionally persuaded this was not the fault of HSBC, I shall explain why.

I can see that HSBC explained the transfer process, which is the receiving ISA provider is responsible for sourcing the correct address and sending the forms to that address. There are online ISA transfer databases which contain these details to assist and the industry standard is to research the correct address and apply it, regardless of the address written on the forms by the customer. Having read through both case files, I do not think this process is in dispute.

Whilst I accept the evidence shows HSBC provided the wrong address twice, for these reasons, I do not think on balance this caused the delays in the letter reaching it. This is because it is clear the receiving bank did not send documents to the first address provided by HSBC on the form, instead sending them to a defunct Southampton address it had on an internal database.

I am provisionally persuaded that it is more likely than not, even if the correct address had been written on the form, A would have written to the wrong address, as its process was to use its own database for such requests. In essence, I don't think HSBC could have influenced this to any meaningful degree, it was for A to obtain and use the correct address.

For reasons above, I provisionally do not reasonably think I can place any further weight on HSBC for this first delay. HSBC has apologised and accepted there are training issues which it has said it will address, but fundamentally I provisionally think this delay was not its fault.

I have also considered carefully the comments made by HSBC regarding the addresses provided and the questions asked by Miss O when she contacted it. HSBC have suggested the answers provided were correct for the questions asked.

I agree with the points Miss O has made on this subject. I do not think it is reasonable or fair for a customer to appreciate the subtle difference between the address to be placed on an ISA transfer form and the address ISA transfer forms should be sent to. I think on balance, this response was unhelpful. HSBC should clearly endeavour to provide the correct address for its ISA transfer processing department for ISA transfer forms, in whatever guise it may be, when asked. I do accept HSBC have said it needs to train staff better on this, so it would

appear it does agree with this point to at least some extent.

For these reasons, I provisionally think the £150 offered for these mistakes is a reasonable compensation award for the impact of the distress and inconvenience described. This is in line with what I would expect in the circumstances presented and within the general framework our service uses when assessing compensation amounts, details of which are available on our website.

Turning now to the delay after HSBC received the forms, as I have mentioned, I am satisfied from the evidence I have seen HSBC first received these forms on 18 October 2023.

The evidence shows HSBC explained to Miss O she could sell her shares ahead of the transfer when she made early enquires with it about a potential transfer. It appears that Miss O actively decided against this option stating that they 'wouldn't earn any money' explaining she had no reason to think the transfer would take long. [Miss O has explained in her response to my provisional decision it was Aldermore that first suggested this, Miss O also advises she was not told by HSBC would have transferred sold funds to a cash ISA]

The value of Miss O's holding went up a few hundred pounds between the end of August and Mid-September, it then appears to have fallen below the value of early August by the end of September.

Stocks and shares ISAs, by their very nature, are more volatile investments, I appreciate Miss O knew she had the opportunity to sell her holding and lock in the price at the time she decided to move to a fixed rate ISA, and at any time in the intervening period. It was arguably as likely for Miss O to have gained from the delay as to have lost.

HSBC has paid £703.87 compensation for this loss already; this is based on a valuation of a sale on 10 October. Having considered all the evidence carefully and HSBC's culpability in this complaint, I provisionally do not think HSBC need to do anymore.

Whilst the ISA transfer was not as swift as it may have been, I am satisfied it completed the transfer within 30 days once it received the instruction on 18 October 2023 and has already compensated Miss O for the poor service she received.

For these reasons I provisionally don't think HSBC did anything wrong here, as to find a failure or delay would imply HSBC needs to process ISA transfers faster than the 30 days set by Government.

I therefore provisionally do not uphold this complaint. As this is a provisional decision, I cordially welcome further representation from both parties.

Finally, I appreciate Miss O has asked for significant detail and full clarification regarding many points throughout HSBC's and our investigation. I do understand and sympathise with Miss O's frustration and can see she has asked numerous questions running into many pages.

To be clear, I have taken what I consider to be a pragmatic and proportionate approach to this complaint. Some of the questions posed are potentially commercial matters and decisions for the businesses in question, for obvious reason, businesses often choose not to make such details public.

If Miss O remains concerned about a policy or process, she can raise these issues with the regulator the Financial Conduct Authority (FCA), if she wishes.

For other matters I would suggest that I have concentrated on what I consider to be the main aspects of the complaint and impact on Miss O. As I have said above, this is because our service is an informal dispute resolution service. I am sorry if this is not what Miss O wants, but I do not feel responding to all points raised and outstanding, over and above the fundamental basis for the complaint would be proportionate and am satisfied it would add little to the overall outcome of my decision.

My provisional findings and the parties' responses

HSBC responded to say it had nothing to add.

Miss O responded with a series of points and clarifications, I have summarised what I consider to be the salient points below:

1. Miss O didn't realise, at the time, if she sold her shares the proceeds would have been placed in a Cash ISA, thus earning interest.
2. Miss O is not clear whether my conclusion is it was okay for HSBC to provide its London address for use on transfer forms, or if I think it should have provided the service center address.
3. Miss O also queried whether HSBC or A will be held responsible for the £27.68 management fee.
4. Miss O submitted dates for some of the letters and phone calls.

I think the submission I need to clarify in this final decision, is concerning my findings regarding HSBC providing addresses for the ISA form.

I do understand why Miss O is seeking clarity here, I hope Miss O will forgive me for my brevity, but I have distilled these points down. I think the focus of her submission is on how much weight I place on HSBC for its culpability when it provided incorrect addresses.

With regards to point one, I appreciate this may be the case, Miss O has explained she became aware of this during the complaints process. Miss O has not said she is claiming she would have agreed to this if the option had been made available at the time, having considered everything, including that Miss O thought the transfer would occur in a matter of days, I think it's unlikely she would have taken this option. Though I appreciate it may have been helpful for HSBC to have explained this if it did not.

Moving on to point two and three, it may help if I explained my focus has always been on where the error occurred which *caused* the delay. Whilst subject to a separate complaint, I think it is more likely than not A would have used its own systems regardless of *any* address written on the forms. So, whilst I accept HSBC did make a mistake, and should seek to provide correct addresses for its various departments within its group when asked. Having considered the evidence across both complaints, I am satisfied this mistake was not responsible for the delay.

Again, I think HSBC, when asked for an address for a specific reason, should provide the correct address. I don't think these positions are mutually exclusive, but I have determined HSBC's mistake here did not ultimately lead to the delays, that was because of A and its processes.

With regards to point four, I have considered these submissions and do not think they materially alter my decision here. It wasn't HSBC's fault it continued to manage the funds for this period of time, it is therefore justified in charging this sum. I'm also mindful HSBC has paid compensation of £150.

I appreciate Miss O has not said whether she accepts my provisional decision, as she is concerned whether either HSBC or A may reject or otherwise alter my final decision.

However, for the purposes of this complaint against HSBC, having carefully considered the submission by Miss O, I remain satisfied HSBC does not need to do anymore based on the evidence.

My final decision

For the reasons I have given, my final decision is I do not uphold Miss O's complaint regarding HSBC.

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

Gareth Jones
Ombudsman