

The complaint

Mr W complains that HSBC UK Bank Plc ('HSBC') sold his shares without giving him all the relevant information to allow him to take appropriate action. He says that caused him to lose money.

What happened

Mr W had a stocks and shares ISA. In it he had shares in a company I'll call S.

In early 2024 shareholders in S voted to delist the shares. HSBC wrote to Mr W saying the shares would no longer be eligible to be held in the ISA due to being delisted. It said Mr W could sell the shares, or if he didn't say otherwise by 13 May 2024 HSBC would try to sell them for him on 14 May 2024. It said once the shares were no longer ISA eligible it would move them into a taxed account and the funds invested in the shares would no longer be inside the ISA wrapper.

On 13 May 2024 Mr W called HSBC to discuss what he wanted to do with the shares. He said he was having to sell the shares and wanted to know if he could buy them back on the open market. HSBC said it wouldn't be able to hold the shares if they'd been delisted. Mr W asked if there were any other options and HSBC said there weren't. Mr W agreed to have the shares sold. HSBC said it couldn't sell them at that moment because they were showing as not tradable but it would try to put through a forced sale on 14 May 2024.

On the morning of 14 May 2024 Mr W called HSBC again. He asked if the shares had been sold yet and HSBC said they were still showing in his account. Mr W said he didn't want them sold. He wanted them transferred to his general investment account and certificated, or transferred from HSBC's nominee into Mr W's own name.

Mr W later complained to HSBC that it had sold the shares on 14 May 2024 when he hadn't wanted to sell them. He said HSBC didn't tell him he could've avoided selling his shares by having them certificated and retaining them in his GIA.

On 5 June 2024 HSBC called Mr W about his complaint. During the call Mr W said he'd made a £50,000 loss on the shares. And he said about £30,000 would have been returned to him in the next five years if S hit its project milestones.

In response to his complaint HSBC said that when Mr W called on 13 May 2024 it should've made him aware of the option to register the shares in his own name. It said it might not have been possible to do that, due to the fact the shares had already been suspended from trading, but HSBC should still have told him of the option so it could have been explored. HSBC said that when shares held in an ISA were delisted, its policy was to provide options that would maintain the ISA wrapper. But it said it would pay Mr W £500 in recognition of the distress and inconvenience it had caused him by not fully explaining the options to him when he asked. It said buying back the shares for Mr W wasn't possible because the company was now private and was going through a members' voluntary liquidation. HSBC also said Mr W's shares had already been sold when he called on the morning of 14 May 2024, but

HSBC hadn't told him that at the time because its system hadn't yet been updated to show the sale.

Mr W wasn't satisfied with HSBC's response. He referred his complaint to this service.

One of our investigators looked into Mr W's complaint. She didn't think HSBC needed to do anything further. In summary she said HSCBC had acknowledged it should've told Mr W about the option to register the shares in his name, but even if it had that might not have been possible. She also said HSBC told Mr W in good time about the corporate action, but he didn't give any instructions in time to prevent the sale of his shares. And HSBC sold the shares at the price that was available that day. The investigator noted HSBC had paid Mr W £500 for distress and inconvenience and she thought that was enough to put things right. The investigator also noted it was unlikely Mr W would've been able to sell the shares if he'd retained them, and the price showing for the shares hadn't changed in any case, so Mr W wouldn't have achieved a different outcome if he'd retained them and sold them later.

Mr W didn't agree with the investigator's view. In summary he said the following:

- He contacted HSBC one day before the deadline. HSBC hadn't said he'd need to do it any sooner.
- He asked for an alternative solution. HSBC said there was nothing else that could be done.
- When he asked on 14 May 2024 for his shares to be certificated, the shares hadn't yet been sold.
- He had no intention of selling his shares in S, *'at any price for a number of years'*.
- S was worth more than its market cap due to cash in the bank and expected revenue from projects and sale of assets which would go directly to investors. And HSBC should pay him what he'd paid for the shares.

The investigator said she appreciated Mr W felt the shares were worth more than he'd received from the sale, but she based her assessment on the market price when they were sold. She also considered historical data and the terms and conditions Mr W agreed to when he opened his account. She couldn't make an assessment based on the projected earnings of shares that weren't tradeable. So she wasn't persuaded to change her view.

Because no agreement could be reached, the complaint was passed to me to review afresh and make a 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.

Having done so, I'm not upholding the complaint. I'll explain why.

The purpose of this decision is to set out my findings on what's fair and reasonable, and explain my reasons for reaching those findings, not to offer a point-by-point response to every submission made by the parties to the complaint. And so, while I've considered all the submissions by both parties, I've focussed here on the points I believe to be key to my decision on what's fair and reasonable in the circumstances.

HSBC has acknowledged that when Mr W asked about his options on 13 May 2024 it should've told him he could seek to have the shares certificated – in other words it should've told him that selling the shares might not have been his only option. Had it done so, Mr W would've sought to retain the shares in certificated form.

I can't say on balance whether or not certification would've been possible had Mr W requested it on 13 May 2024, when he called HSBC. HSBC said it might not have been possible due to the fact the shares were already delisted by that point. But it acknowledged it should've explored the option rather than fail to tell Mr W the option existed. I agree with that.

I understand it was important to Mr W to retain his shares despite that meaning he would've lost ISA protection for the shares and for the funds he'd invested in the shares. And when Mr W communicated to HSBC that he wanted another option, HSBC should've told him selling wasn't necessarily his only option.

Mr W has said that when he asked on 14 May 2024 for his shares to be certificated, the shares hadn't yet been sold. But after investigating his complaint HSBC said the shares had been sold on that morning and system hadn't yet updated, and it provided details of the sale. HSBC's explanation is credible and on balance I think it likely HSBC committed to the sale of the shares when it said it did, even if the sale wasn't visible to Mr W until later.

I accept what Mr W says about his intentions regarding the shares. He had no intention of selling his shares in S, *'at any price for a number of years'*. Despite that, I don't have any basis to conclude the shares were worth more than the amount at which the market valued them.

I also can't agree HSBC should pay Mr W what he paid for the shares. The value of the shares changed over time due to factors outside the control of HSBC. And the value HSBC got for the shares when it sold them was the value that was determined by the market at the time of the sale. I certainly do understand Mr W's disappointment over this, and I sympathise with his situation. But unfortunately I don't have any basis to say the value of the shares was higher than the price HSBC received for Mr W when it sold them. And HSBC isn't responsible for the fact the shares were worth less at that point than when Mr W bought them.

So overall I find that when it sold Mr W's shares at the price available at the time HSBC gave him fair value for the shares. In the particular circumstances of this complaint, the possibility that Mr W could've achieved a better financial outcome in the future if he'd been able to retain the shares after delisting is too uncertain to allow me to determine that Mr W has made any particular financial loss.

Nevertheless I agree Mr W was caused considerable distress and inconvenience by HSBC's failure to fully explain his options when he asked how he could avoid selling the shares. Mr W was clearly upset over the events surrounding his S shares, and it was important to him to keep the shares if possible. Even if that hadn't been possible, HSBC could've saved him distress and inconvenience if it had given him full and correct information on 13 May 2024. Even if certification hadn't been possible – or even if it had been possible but Mr W was then unable to sell or benefit from the shares in any way – Mr W could at least have known that he'd done what he could to retain the shares which was clearly his objective.

I've thought carefully about this and I'm satisfied the £500 HSBC has paid Mr W is sufficient compensation for the distress and inconvenience caused in this case. It's in line with awards this service generally makes for mistakes that cause considerable distress, upset and worry and/or significant inconvenience and disruption that needs a lot of extra effort to sort out.

Because HSBC has acknowledged its mistake and taken sufficient action to put things right for Mr W I won't be requiring it to do anything more on this occasion.

My final decision

For the reasons I've set out above, my final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 1 July 2025.

Lucinda Puls
Ombudsman