

The complaint

Ms C complains that HSBC UK Bank Plc gave her misleading information which led to delays in the transfer of her ISA to other providers. She wants HSBC to pay her the interest she says she's lost as a result of the delay, and compensation for the distress and inconvenience caused.

What happened

Ms C had a stocks and shares ISA account with HSBC. She decided she no longer wanted the risk of holding investments and opened three cash ISA accounts with third party providers. She gave HSBC instructions to sell her investments but had difficulties transferring the cash proceeds. To try to speed things up, she opened a cash ISA account with HSBC, but she still faced difficulties and delays. She says the delays were caused because of the misleading information provided by HSBC – she said, based on the information HSBC gave her, it was reasonable for her to assume she needed to complete cash ISA transfer request forms. But HSBC didn't accept these. She didn't receive interest on the cash whilst it was held with HSBC.

HSBC said Ms C held a stocks and shares ISA account and that, even though the account only held cash, HSBC required stocks and shares ISA transfer request forms from the new providers before it could transfer the money as instructed. It apologised that for the transfers to two of the providers it had caused an avoidable delay, and it paid her lost interest of £131.51.

Our investigator didn't recommend that the complaint should be upheld. She couldn't conclude that HSBC had given Ms C misleading information and said the transfers had been completed within regulatory timescales. She thought HSBC had fairly compensated Ms C for the avoidable delay.

Ms C didn't agree. She said, in summary, that:

- It was confusing that cash wasn't cash but deemed to be stocks and shares.
- She shouldn't be expected to read the small print before withdrawing her money.
- HSBC listed the cash with a sort code and bank account, which was separate from her stocks and shares ISA account reference number.
- HSBC benefitted from the use of her money in a non-interest bearing account.

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 find I have come to the same conclusion as the investigator for the following reasons:

- Ms C held a stocks and shares ISA account with HSBC. After she'd sold her investments, the cash proceeds continued to be held in the same stocks and shares ISA account. Due to the regulations for ISA accounts, HSBC was obliged to follow particular procedures to ensure Ms C retained the tax advantages of the ISA wrapper on the subscriptions she'd built up over the years. So, whilst it provided her with a sort code and account number for cash additions to her ISA, it wasn't possible for her to use those details for the purposes of transferring to a new ISA provider. This would've meant she would have been taking money out of the ISA, and it would lose its tax-free wrapper; any credit to a new ISA would then be limited to the annual subscription amount.
- I'm satisfied that, under the terms and conditions of the ISA, HSBC couldn't transfer the cash until it had received the correctly completed ISA transfer request forms from the new providers. When it received the wrong forms from two of the providers, I'm satisfied it contacted them within a reasonably short space of time to explain what it needed.
- I find HSBC sent Ms C a link to the correct form for transfer to the HSBC cash ISA, but the wrong form was completed. I'm satisfied that, having received the wrong form, HSBC acted reasonably quickly to obtain the correct form.
- For the transfer to two of the providers, there was a delay caused by HSBC. I'm satisfied that HSBC has fairly compensated Ms C by paying her the interest she lost out on because of the delay.
- Ms C chose to give instructions to sell her shares before she gave transfer instructions. This led to cash being held for longer than expected within the stocks and shares based account. HSBC wasn't at fault for this delay (except for the period for which it's compensated Ms C), so I don't find it was obliged to pay interest on the cash balance held.

Overall, I find HSBC acted fairly and within reasonable timescales. Where it did cause delay, I'm satisfied it has fairly compensated Ms C.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms C to accept or reject my decision before 26 June 2025.

Elizabeth Dawes
Ombudsman