

The complaint

Mr M complains that HSBC UK Bank Plc failed to transfer all the funds from his ISA with another provider (T) into a new ISA as it said he had exceeded the maximum subscription allowance for that tax year.

What happened

In November 2024 Mr M wanted to transfer funds from his existing ISA with T into a new ISA with HSBC. He didn't approach HSBC to request the transfer, but instead completed an online form with T. He wanted to transfer £10,000. However as it came to HSBC as a straight transfer of funds it assessed that Mr M had used all but £6,900 of his ISA allowance for that year. So it transferred that amount to the new ISA and deposited the balance of £3,100 into a savings account.

When Mr M was informed of what had happened he contacted HSBC and explained that the £10,000 related to previous tax years. He asked HSBC to reverse the transaction but it explained that it couldn't transfer the money back to T as it would be rejected as the subscription limit had been reached. It told Mr M that he should have requested the transfer through HSBC, and that because he didn't do so the funds were treated as new funds. In the circumstances it considered it had acted reasonably by putting the balance of the funds into a savings account.

On referral to the Financial Ombudsman Service our Investigator said that they wouldn't be recommending that the complaint be upheld.

Mr M objected to this, in particular he thought that HSBC did have options and that they should have discussed them with him before depositing some of his money into the savings account. He further said that he should have been able to cancel the transaction as it was still within the cooling off period. And that the first adviser he spoke to told him that £3,100 could be returned to T, but that the second adviser contradicted this.

The matter has been passed to me for an Ombudsman's consideration.

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 can understand Mr M's frustration and annoyance that the straightforward transfer of funds from his ISA resulted in him using up his ISA allowance even though the funds he was transferring consisted of previous years' contributions. However it was for Mr M to contact HSBC to achieve the transfer. As he didn't do so, the transfer into the HSBC ISA was treated as a new transfer of funds. This was unfortunately Mr M's error and HSBC wasn't responsible for it.

As for what HSBC could have done I don't think it was possible for it to reverse the transaction. Most banks will allow the request to be cancelled before the actual transfer

takes place. But, once the new ISA was set up, the funds in that ISA would be treated as new contributions for that tax year so it wouldn't have been possible to transfer the funds back. This is on the basis that T wouldn't accept the reversal of the transactions, which so far as HSBC was concerned was the case. And whilst I appreciate that Mr M would have wanted HSBC to contact him before carrying out the transfer, these transactions are done automatically and I don't think it would have been reasonable to expect there to be any manual intervention before the transfer was completed.

So although it would have been possible to cancel the ISA itself and to remove all the funds from the ISA and transfer them somewhere else, this couldn't have been to an existing or new ISA until the beginning of the new tax year.

As for HSBC's treatment of Mr M's funds, again I think this was reasonable given that £3,100 of the funds couldn't have been placed in the ISA, and I think it acted in Mr M's best interests by depositing the funds in a savings account. Again Mr M could have removed those funds but not placed them in an ISA until the new tax year. And whilst I understand his point that HSBC should have returned them to T again I don't think that would have been possible,

As for the apparent contradictory advice, the first adviser told Mr M that they could transfer £3,100 from the deposit account to his [T] bank account. They didn't specifically say that this would be going back to the ISA. So it maybe that Mr M assumed this. However this was at the end of the conversation and Mr M made it clear that he wasn't interested in just part of the funds being returned. The adviser told him the call would be transferred to the ISA department. So on the same day the second adviser made the position clear to him. I'm satisfied that Mr T didn't want to act on what the first adviser had apparently told him and that the position was corrected on the same day.

So, as it was an error by Mr M, and HSBC was presented with the funds apparently being a new subscription, I don't think that it made any error. I also don't think that it could have reversed the transaction without T's authority to do so. I should emphasise that this concerns HSBC's position in the matter. T's position is being considered separately.

My final decision

I don't uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 28 May 2025.

Ray Lawley
Ombudsman