

The complaint

Mr B complains that HSBC UK Bank Plc (HSBC) acted unfairly by changing the process by which he was able to make withdrawals from his self-invested personal pension (SIPP).

What happened

In 2008, following advice from HSBC, Mr B transferred another pension to a HSBC SIPP under a “capped drawdown” arrangement. He has made successful, annual withdrawals, in line with this arrangement for a number of years. In 2014 he transferred other funds in from a different provider.

Mr B sent an instruction to HSBC dated 1 February 2025. He said he was intending to withdraw £12,000 from his SIPP.

In a letter dated 4 February 2025, HSBC said it “*strongly*” recommended that Mr B seek financial advice in relation to his withdrawal request. However, it said if he wished to proceed regardless, it required him to complete an “*execution only*” instruction form. It enclosed information sheets about “*non advised*” withdrawals. Within the form itself, there were declarations that Mr B was expected to read and agree to. One of those said that in the event a withdrawal exceeded the limits allowed, the account would convert from a “capped drawdown” to a “flexi access” drawdown arrangement.

Mr B wasn’t happy about the change in process. He thought it unacceptable that after a number of years of his existing arrangement, HSBC now required him to complete an “execution only” instruction.

He complained to HSBC on 9 February 2025 and made a number of different points in support of his complaint. In other correspondence, Mr B referred to the instruction form as a “*ransom*” form in that pensioners rightful drawdowns are blocked. He was also worried about the prospect of his “capped drawdown” being switched off in future years, when he believed it to be a suitable arrangement for the rest of his life. Mr B pointed out that he’d made his instruction in line with an arrangement in place for many years. So, he thought it unfair for HSBC to backdate any change in business arrangements, so as to exclude that instruction. He asked HSBC to honour the longstanding arrangement when processing his withdrawal.

HSBC sent Mr B a response dated 28 February 2025. It explained that it was operating in an environment of increased regulation, which had largely come about to improve consumer protection. This meant it was now required to provide certain detailed warnings and statements. And by asking Mr B to sign the instruction form, it was so it could satisfy itself that he accepted and understood that he was proceeding on a non-advised (execution only) basis and understood the risks and implications of doing so. It made other points such as:

- In previous years a less detailed instruction from Mr B was sufficient. But that was no longer the case.
- Following changes made by the Financial Conduct Authority (FCA), pension providers were required to make members aware of the availability of financial advice and guidance before making decisions about taking their pension benefits.

- It wasn't trying to persuade Mr B to pay for advice. It was simply highlighting an available option, as it was required to do.
- It wasn't able to accept a standing instruction that Mr B would never require financial advice, so, it needed confirmation from him on each occasion.
- Whilst accepting that this additional requirement would lengthen the process, Mr B might wish to allow more time for each withdrawal.
- HSBC apologised for any frustration caused. But it said it had tried to make the process as straightforward as possible, whilst ensuring it met its regulatory responsibilities.
- Regarding Mr B's concerns about a particular statement (suggesting that if a withdrawal exceeded the maximum allowed, the arrangement would automatically change to a flexi access drawdown) this was a HMRC requirement, so wasn't something that HSBC had any discretion about.
- In the event it received an instruction that was likely to trigger such a conversion, it would check with Mr B first.
- As a one off, HSBC agreed to waive the requirement for Mr B to complete the instruction, but said he'd be required to complete such a form in future, adding that there would be no further concessions.
- It didn't uphold Mr B's complaint.

Mr B remained dissatisfied, so he approached the Financial Ombudsman Service. The complaint was assigned to one of our Investigators to look into. Having done so, the Investigator concluded that HSBC hadn't treated Mr B unfairly by asking him to complete an instruction form.

HSBC said it had nothing further to add in response to the Investigator's opinion.

Mr B didn't agree with the Investigator. Amongst other things, he said she'd missed the "*fundamental*" point. He repeated that following an arrangement in place for many years, he was having to "*agree to whatever demands/declarations HSBC wishes to include/extend over time on their application form*".

As no agreement was reached, the matter was passed to me to decide.

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.

In bringing this complaint and responding to our Investigator's assessment of it, Mr B's made a number of points. Whilst I've considered everything he said carefully, I'm not intending to address every point made. Instead, I'll focus on those that go to the heart of Mr B's complaint and the reasons for my decision.

I entirely understand Mr B's strength of feeling about the matters leading to this complaint. And I can appreciate why he might be unhappy that an arrangement in place for many years, which has clearly served him well, would be altered without his agreement.

However, after very careful consideration, as I'll explain below, I'm satisfied that HSBC hasn't done anything wrong here. So, whilst I'm sorry to disappoint Mr B even further, I won't be upholding his complaint.

Mr B makes the point that in 2008, he transferred his pension funds for HSBC to administer as a SIPP that was controlled under "capped drawdown". So, HSBC were paid to invest those funds as well as administer his pension payments in accordance with his 'instructions'. I accept that was the arrangement Mr B entered into.

But the fact this arrangement has been in place for 17 years doesn't automatically persuade me that HSBC was wrong to alter the process by which Mr B could make withdrawals. I say that for various reasons.

Even if it wasn't for a changing regulatory landscape since Mr B first set up the arrangement, I'd generally still think it reasonable for HSBC to update its systems and processes over time where appropriate. And whilst I recognise that some changes might not be preferable to certain consumers who have been used to doing business in a particular way, that in itself doesn't mean a business has done something wrong. It's generally for a business to decide how best to run its day to day operations. And there can be many reasons why systems and processes evolve over time.

Here, HSBC explained that a key reason for it introducing an instruction form when processing pension withdrawals of the kind Mr B wanted to make is due to the increased regulatory obligations on businesses like itself. It explained that those obligations are aimed at improving consumer protection. In that context, I find HSBC's response reasonable.

Mr B also seems to be suggesting that the change in process gives HSBC the opportunity to block future withdrawals. In its letter of 4 February 2025, HSBC said it strongly recommended that Mr B seek advice, but also said he could simply complete the instruction form if he wished to proceed. Nothing I've seen in HSBC's communication causes me to think the intention behind it was to block withdrawals. Rather, it seems more likely that, as it suggested, HSBC wanted to draw consumers' attention to the prospect of seeking financial advice if they so wished.

Mr B also seems to think that the introduction of an instruction form is HSBC's way of trying to boost its own business opportunities by requiring more financial advice to be taken. As I touched on earlier, he's also described the form as a "*ransom*" form. But I'm not persuaded by Mr B's position.

It's not essential for a consumer like Mr B to actually receive financial advice in order for a withdrawal to go ahead. Instead, the consumer can simply complete the execution only form if they prefer.

Also if Mr B does wish to take advice, he's under no obligation to seek that advice from HSBC. So, he could, if he wanted to, approach another adviser of his choosing. It follows that it's not the case HSBC would automatically benefit if Mr B, or other consumers, decided to take advice. In those circumstances I don't agree that HSBC's requirement for Mr B to complete a form before making a withdrawal is akin to a ransom or is intended to somehow boost its own business opportunities.

Instead, I'm satisfied that HSBC was simply trying to make sure that consumers like Mr B had thought about whether financial advice was needed. And in the event they proceeded without it, they understood the implications and risks of doing so. As HSBC pointed out, it has added this process to satisfy its regulatory requirements but also presumably to add an additional layer of protection to both the consumer and itself. And with a background where some consumers are increasingly finding themselves exposed to risk concerning their pensions, I don't think there's anything wrong with the approach HSBC took here.

Mr B's made other comments in connection with a "capped drawdown" arrangement, converting to a "flexi access" drawdown arrangement once capped drawdown limits are reached. As HSBC and our Investigator explained, this stems from a HMRC rule. It isn't a rule of HSBC's making. That's my understanding too. So, I think it was reasonable for HSBC to bring this to Mr B's attention. Whilst I accept that Mr B believed he'd only ever make withdrawal requests within the capped drawdown limit (meaning the explanations about flexi access were perhaps not as necessary for him), I'm mindful this was an instruction form that would also be used by other consumers who might be in a different position. And the inclusion of such information might have prompted others to consider whether they ought to

take financial advice before making a withdrawal even if this wasn't something that Mr B wanted or needed.

A further point Mr B made is that according to HMRC's documentation, it remains HSBC's responsibility to calculate "capped drawdown" limits. Therefore, the trigger for an automatic switch to flexi access drawdown is the actual "*payment of excessive drawdown pension*".

HSBC does seem to accept that it had a responsibility to draw certain things to Mr B's attention. I can see it told him that even if he'd signed the instruction form, it would still let him know if he was likely to exceed the "capped drawdown" limits that would trigger a conversion to flexi access drawdown. In other words, the process HSBC has introduced means that it would let Mr B know, in advance, before making an excessive payment that would require conversion to flexi access drawdown. That will then give him the option of amending his instructions if he wishes to before a conversion is required. I'm satisfied that step introduces an element of safeguarding that Mr B was evidently concerned about.

Finally, given that HSBC told Mr B about the change in process after he'd submitted his 2025 drawdown request, it agreed, in line with Mr B's suggestion, to process the payment as per the previous arrangements. It made it clear though that there would be no further concessions in future years. I think this was a reasonable response on HSBC's part. Not least because it gave Mr B time to prepare for the administrative changes associated with future withdrawals he might wish to make.

Taking account of everything I've seen, I don't think HSBC has acted unfairly. And whilst I fully appreciate that future withdrawals will likely require extra effort on Mr B's part, I don't think that means HSBC treated Mr B unreasonably – especially when this was a process that other consumers were also expected to follow. So, I won't be directing HSBC to take further action or dispense with the instruction form as Mr B might have hoped.

My final decision

I don't uphold this complaint

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 25 September 2025.

Amanda Scott
Ombudsman