

The complaint

Mr K has complained about the actions of HSBC UK Bank Plc when handling his requests to move money into his ISAs, and the information it gave him about this.

What happened

I have previously issued a provisional decision regarding this complaint. The following represents excerpts from my provisional decision, outlining the background to this complaint and my provisional findings, and forms part of this final decision:

“After Mr K’s wife died in 2021, I understand that Mr K inherited both shares and cash. This included shares held in an HSBC InvestDirect account. In line with ISA rules, Mr K received confirmation of the amount of cash and shares which had been held in ISAs by Mrs K and therefore formed Additional Permitted Subscriptions (‘APS’). APS is available as an extra ISA allowance to the surviving spouse of an ISA investor who has died, and is on top of an individual’s own annual ISA limit. It was confirmed to Mr K the amount of APS available to him.

Mr K has said that in conversations with HSBC branch staff, he was told that he would be able to transfer the shares he’d received from his wife that had been held in an ISA directly into an ISA with HSBC in his own name, without having to sell and re-purchase them (an ‘in specie’ transfer). However he says he was later informed by HSBC that these shares would in fact need to be sold, and then bought back within an ISA.

On 7 June 2023 Mr K spoke to HSBC and discussed the options which were available to him, both in terms of the assets he’d always held in his name and those he’d inherited from his wife. As part of this call, Mr K opened a stocks and shares ISA within the InvestDirect account which he already had. On 19 August 2023 HSBC received a form from Mr K that resulted in £100,837.37 being moved from his HSBC bank account into the InvestDirect ISA, using the APS allowance.

I understand that around April 2024, Mr K received information about the InvestDirect ISA that showed the cash held in it was not receiving any interest. Mr K complained to HSBC saying that he’d understood the money he’d placed in the account in August 2023 would receive interest.

HSBC issued a complaint response on 12 June 2024. It said that its representative in the call on 7 June 2023 had confirmed that it was only possible to fund the APS allowance with cash, and that it was not possible to directly transfer shares into the InvestDirect ISA using the APS. It also said the representative had explained that the APS could be used to place money into a cash ISA.

HSBC said that the form Mr K completed in August 2023 had requested that the money be transferred into the InvestDirect ISA Uninvested Cash Account (‘UCA’). It explained that cash in the UCA does not attract interest. It also highlighted that on 31 August 2023 it had sent a letter to Mr K that said the cash in the account was available to buy shares. HSBC did

not agree that it should pay compensation for lost interest on the cash amount. It provided instructions on how to move the cash to Mr K's cash ISA if he wanted to.

Mr K wrote to HSBC on 7 November 2024. He explained that he'd not received its June 2024 letter, and had only seen it after calling to chase up his complaint. Mr K said that aside from the call he had with HSBC on 7 June 2023, he'd had many conversations with staff both on the phone and at his local branch about APS. He said he'd been told that he could transfer shares from the InvestDirect account directly to an ISA without having to sell and re-purchase them. He was later told that he would have to sell and re-purchase the shares.

In terms of the cash held in the InvestDirect account, Mr K said that he'd not received any information to suggest that this wouldn't receive interest. Mr K explained that in April 2024 he'd asked for a form allowing him to move the cash into a cash ISA. He stated that he'd had many phone calls where he'd unsuccessfully tried to arrange this transfer, but it was only after he'd visited his HSBC branch that he'd been given the necessary form. As a result the funds did not reach his cash ISA until 12 September 2024.

It does not appear that HSBC responded to Mr K's November 2024 letter. In December 2024 Mr K brought his complaint to this service, asking that HSBC pay him interest on the sum he'd placed into the InvestDirect ISA from August 2023.

Our investigator did not uphold this complaint. His view was that in the phone call on 7 June 2023 HSBC had made it clear that to place shares in an ISA using the APS allowance, Mr K would first need to sell the shares and transfer in cash, using this to re-purchase them. The investigator stated that HSBC had explained how to place funds in either a cash or stocks and shares ISA. He also said that HSBC had confirmed in this call that cash held in an InvestDirect stocks and shares ISA would not attract interest. The investigator considered that HSBC had given Mr K clear and accurate information about his options and the process for using the APS allowance.

Mr K disagreed with the investigator's findings. He forwarded his 7 November 2024 letter, reiterating that his local branch had told him that he could transfer shares into an HSBC ISA without having to sell and re-purchase them, and he only found out later that this was incorrect. Mr K also repeated that he'd had no indication that he would not receive interest on cash held in his InvestDirect ISA, and he said that from April 2024 it had taken over five months to get the necessary forms so that his cash was moved into a cash ISA. He said that this was also a part of his complaint.

The investigator acknowledged what Mr K had said about the information he'd been given by branch staff, but said by the time he submitted his APS application in August 2023 to move cash into his InvestDirect ISA, he'd already received clear information from HSBC's specialist team in the 7 June phone call. He also commented that these funds remained uninvested because Mr K had not provided any instructions for their use, and that it was a feature of the product that the UCA did not pay interest.

In response Mr K said that he'd already transferred over £100,000 into the InvestDirect ISA before the 7 June call, and he said he had no recollection of being told that this would not receive interest. He commented that it was only in April 2024 that he'd discovered he was receiving no interest. From this date Mr K said he'd tried to obtain the necessary forms to move these funds into a cash ISA, but despite numerous calls, it was only on 12 September 2024 that this was achieved.

The investigator confirmed that his view of the complaint was unchanged. Mr K responded that he'd completed all the APS related forms based on what he'd been told by HSBC staff, and this included being told that he would be able to transfer shares into the ISA without the

need to sell and re-buy them. He said it came as a great surprise when he was later told he would need to sell and re-purchase the shares, and he said that any agreement he signalled to this at a later date was only because he'd come to understand that he'd been misinformed earlier.

Mr K reiterated that he did not recall being told cash in the InvestDirect ISA would not receive interest. He also repeated his unhappiness that it had taken five months from April to September 2024 for the cash to be moved into a cash ISA. The investigator confirmed that this case would be referred for review by an ombudsman.

I've asked HSBC to clarify some issues relating to this complaint. It has confirmed that HSBC has never offered in specie transfers using the APS allowance. In light of Mr K's comments that he'd had a number of conversations with HSBC about APS both on the phone and in his local branch, I asked for HSBC's records relating to contact it had had with Mr K about APS before he submitted his August 2023 application to move cash into the InvestDirect ISA. HSBC responded that due to the passage of time, it had no other call recordings apart from the one provided for 7 June 2023. It also said that conversations with branch staff would not be recorded.

In terms of Mr K's unhappiness that it took from April to September 2024 to move his funds into the cash ISA, noting that HSBC's formal complaint response issued on 12 June 2024 was during this period, I asked it for further comments about this delay. HSBC's response was that it had replied to this issue in its 12 June letter, and it said it was not at fault for any delay in transferring the cash.

What I've provisionally 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.

For ease of reference, I have used sub headings to cover the different elements of Mr K's complaint.

The time taken from April to September 2024 to move cash into a cash ISA

Mr K has said that he first became aware that the cash held in his InvestDirect ISA was not receiving interest in April 2024, but it took until September 2024 for this to be moved into a cash ISA which did pay interest. Mr K has complained that HSBC delayed the money being moved because it did not provide him with the correct forms, despite him repeatedly chasing for them.

I asked HSBC for its stance on this matter, and it replied that its letter on 12 June 2024 responded to this. However I would not agree that this is the case. The only mention of moving the funds to a cash ISA in this letter relates to Mr K needing to complete the relevant transfer form. And it would make sense that HSBC's June 2024 letter does not cover the delay Mr K has complained about, because that delay occurred from April to September 2024. In other words, this issue was not resolved until some time after HSBC's June 2024 letter was issued.

Mr K has made it clear that his unhappiness with this delay represents a key concern for him. In my view, this concern has not been addressed by HSBC, primarily because the initial complaint made to HSBC and responded to in June 2024 pre-dated the delay experienced moving the funds to the cash ISA. In the circumstances, I consider that Mr K will need to make a new and separate complaint to HSBC specifically about this delay, if he wishes to. HSBC will then need to investigate this matter and issue its response. If Mr K is unhappy

with that response, he can refer a new complaint about the delay moving money to his cash ISA to this service.

Moving shares into an HSBC ISA without the need to sell and re-buy them using APS

Mr K says that he was repeatedly told by HSBC staff that he would be able to transfer shares into his HSBC ISA, using the APS allowance, without the need to sell and re-buy them. In particular he says that branch staff told him this.

I have asked HSBC for any records it has of discussions between branch staff and Mr K, or for any other recordings of phone calls between Mr K and its staff. It says that discussions such as this in branch are not recorded, and the only call recording it has is the one provided from 7 June 2023. Based on the evidence provided, it is difficult for me to know the exact detail of discussions Mr K had with branch staff. I've no doubt that Mr K has given his best recollections of these conversations. However I'm mindful that HSBC has confirmed that it has never offered in specie transfers using the APS allowance, and this in my view reduces the likelihood that branch staff would indicate that this was a possibility.

Moreover, Mr K did not complete the form to move cash into his InvestDirect ISA until August 2023. That being the case, like the investigator I do consider the contents of the recorded call on 7 June 2023 to be of significance, bearing in mind that this call occurred two months before Mr K moved his cash into the stocks and shares ISA.

I have carefully listened to the June 2023 call. In it Mr K confirmed that he wanted to put both shares and cash into an ISA. The HSBC representative discussed using the 'Bed and ISA' facility, whereby Mr K could sell shares held outside an ISA in his InvestDirect account and buy them back within an ISA, using his personal ISA allowance. In terms of using the APS allowance, the representative said that this could only be done by transferring in cash. It was explained that if Mr K had shares he wanted to place in an ISA using APS, the shares would need to be sold and the resultant cash could then be transferred into the ISA, utilising that much of the APS allowance.

In my view the representative did clearly explain that transferring shares into an ISA without having to sell and re-buy them was not an option that HSBC offered when using APS, and in the call this was accepted by Mr K. Overall I'm not persuaded there's sufficient evidence to show that HSBC misinformed Mr K about the process for placing shares into an ISA when using the APS allowance.

Treatment of cash held in an InvestDirect ISA in respect of interest

Mr K has said that he understood the cash he'd placed in his InvestDirect ISA in August 2023 would receive interest. As noted above, with the limited amount of evidence available to confirm exactly what was discussed with Mr K in 2023 prior to him moving the cash, I consider the details of the recorded call on 7 June 2023 to be of importance.

In that call the representative made it clear that the APS allowance could be split between a cash ISA and a stocks and shares ISA. Because he only had an HSBC cash ISA, Mr K agreed that the representative should set up an InvestDirect ISA for him. Mr K confirmed that he'd not decided at this time how he might split the APS allowance between his cash ISA and InvestDirect ISA. The representative said that when he'd made that decision, Mr K should call so that HSBC could send him forms to move money into the two different types of ISA.

Mr K commented that if he moved money from his current or deposit account into a cash ISA, it would receive a better interest rate, and it would be tax-free. He suggested he could

later move this to a stocks and shares ISA. The representative explained that HSBC's stocks and shares ISA does not pay interest on cash balances, and Mr K's response indicated that he accepted this. The representative said that if Mr K wasn't ready to buy shares yet, he could place his cash in the cash ISA, and he could later move that to the InvestDirect stocks and shares ISA to buy shares when he wanted to.

The form that HSBC received in August 2023 was to move £100,837.37 into the InvestDirect ISA using part of Mr K's APS allowance. It requested that this be transferred into the UCA. I appreciate that Mr K believed this sum would receive interest whilst being held in this stocks and shares ISA. However, taking into account what the representative told Mr K in the call in June 2023, on balance my view is that HSBC did explain to Mr K that these funds would not attract interest whilst held in this type of ISA.

In conclusion I appreciate that Mr K is likely to be disappointed with my provisional findings. However having carefully considered the evidence provided, my view is that it's not been shown that HSBC has been at fault in its actions regarding the issues that I am considering in this complaint."

Responses to my provisional decision

Mr K explained that he'd rung HSBC to transfer shares into his name valued at £100,837.37. He said that it was at this time that he was first told that he would have to sell and repurchase them, which was contrary to what he'd previously been told. Mr K stated that he spoke to two people at HSBC at this time.

In terms of the amount sitting in the stocks and shares InvestDirect ISA earning no interest, Mr K said that he would never have agreed to this, and he had not seen any information that suggested he would not receive interest. He has commented that it was about 12 months after moving this sum into the ISA that he was told it did not attract interest. Mr K said that at this point he telephoned HSBC requesting that the money be placed into an interest-bearing account, and he was supposed to then be sent a form to complete. However he said it took many months and numerous phone calls before he received the necessary form, and this was obtained by visiting his local branch.

Mr K summarised the situation as being that he had an APS allowance of £148,867.37 which has been deposited in ISAs as cash, but the problem he has had is placing it in the appropriate place to receive interest. He said he'd lost out on a substantial amount of money as a result, and all the forms he'd completed he'd been instructed to by HSBC staff. Mr K asked to be compensated for the way HSBC had treated him.

HSBC did not make any further submissions.

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 have considered Mr K's further comments in response to my provisional decision, and I thank him for providing these. I note what he says about not being told about the need to sell and repurchase the shares in order to place them into an ISA using the APS allowance until he was at the stage of moving £100,837.37. However my view remains that there's insufficient evidence to show that HSBC provided him with incorrect information on this subject.

Although Mr K says that he was not given information that explained the cash he was

moving into the stocks and shares InvestDirect ISA would receive no interest, within the recorded call that I've listened to between him and an HSBC representative on 7 June 2023, the representative did confirm that interest was not paid on cash held in these accounts.

I appreciate that Mr K remains unhappy that it took the length of time that it did for the money in the InvestDirect ISA to be placed in an interest-bearing account, and he says this is due to delays caused by the way HSBC handled this request. However, as explained in my provisional decision, I do not consider that HSBC has addressed this particular issue. As a result if Mr K wishes to take this particular matter further, he will need to raise it as a separate and new complaint with HSBC.

My final decision

My final decision is that I do not uphold this complaint, and I make no award.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 13 February 2026.

John Swain
Ombudsman