

The complaint

Miss P complains that HSBC UK Bank Plc, without her consent, recalled her funds that it had sent to another ISA provider in error, before the maturity date. This caused another financial loss for her and created more stress.

What happened

Miss P wanted to move her savings to an ISA at another provider. In error HSBC transferred the funds on the date of receipt of her instructions, rather than the date of maturity as instructed. This triggered the deduction of an early closure fee. This failing was the subject of a separate complaint that has been resolved in favour of Miss P.

After that error however HSBC then recalled the funds some weeks later on 10 June 2025, without speaking to Miss P. It placed them into a new HSBC ISA account that Miss P had not asked to open. This put Miss P in a worse position than she should've been in. The HSBC interest rate is lower than she would have been getting from her new provider. She can't transfer the money back into that account as the deposit 'window' was 30 days from account opening.

Our investigator said HSBC must make good the financial loss it has caused Miss P and pay her the difference in the interest earned on the savings moved back to HSBC, as they should have remained in the new provider's ISA account which had a higher interest rate. As the movement of her money without notice – or confirmation of where her funds were – caused avoidable distress and work for Miss P it must also pay her £100 compensation.

Miss P accepted this assessment. HSBC asked a number of questions, seeming to confuse this issue with the one covered, and resolved, in the separate complaint. It said as its error had already been recognised, corrected and compensation paid why would it make the same payments again.

Our investigator clarified that this was a different issue that merited separate redress. He explained that Miss P has suffered a second loss as she had 30 days to deposit funds into her ISA with the other provider, and as HSBC recalled the funds past the 30 day period, she was unable to transfer them back into that account. And she was therefore deprived of the better interest rate that account offered. This is as a direct result of HSBC's decision to recall her funds, one that she was not made aware of.

At this stage HSBC did not respond. So the complaint was passed to me to make a final 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.

HSBC has not responded to our request for an explanation as to why it recalled Miss P's funds on 10 June 2025 without her knowledge or consent. Based on the available evidence,

I am satisfied HSBC's decision to recall the funds at that time was to Miss P's financial detriment. This is because she was then unable to move the money back into her new higher interest (4.10% AER) ISA. That account had to receive all funds within 30 days of the account being opened. This means to fairly resolve this complaint HSBC needs to make good the financial loss it created by recalling the money back and depositing it into its lower interest (2.3% AER) ISA account.

As Miss P was understandably distressed when the money 'disappeared' from her ISA at her new provider, and had to spend time resolving this issue, I find compensation of £100 to be reasonable.

Putting things right

HSBC must:

- pay the difference in interest* that Miss P would've earned from her account at the new provider from the date of transfer back (10 June 2025) to the date of maturity (24 April 2026)**; and
- pay £100 compensation for the distress and inconvenience this error caused.

*evidence of the interest rate of the new ISA was sent to HSBC by email on 10 November 2025.

** If Miss P has any issues with HMRC around the interest payment, HSBC must work with HMRC to explain the circumstances and that this was interest due from an ISA.

My final decision

I am upholding Miss P's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss P to accept or reject my decision before 19 May 2026.

Rebecca Connelley
Ombudsman