complaint

Mr T complains that HSBC UK Bank Plc charged him £950 for investment advice without his permission. He didn't sign a Terms of Business agreement until after it became *a fait accompli* three meetings later. He is also unhappy that it didn't advise him to invest more of his capital, at least in an interest-bearing account.

background

In 2013 Mr T was recommended to switch an existing investment and put roughly £11,000 in an ISA. This left just over £110,000 uninvested. The advisor recorded that Mr T was planning to use most of this money to purchase a property and therefore did not recommend investing it. He also said that if Mr T did not purchase a property he should seek a further review concerning this money.

An investigator at this service did not believe this advice was unreasonable.

He also didn't believe Mr T's complaint about the advice fee should be upheld. He said there wasn't enough evidence to say whether Mr T was aware of the fee before signing the agreement, given the lack of independent evidence about this, but felt he was subsequently aware of this and could've cancelled the investment if he was not happy about this.

Mr T disagreed, and said:

- The agreement was signed after work started on the financial planning report as the dates on the paperwork demonstrate
- The advisor told him that he should have got him to sign the agreement at the first meeting but he forgot. So he did not follow correct procedure

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Firstly, I am satisfied that the recommendations letter clearly sets out that, according to the advisor, Mr T was planning to buy a property costing roughly £150,000 and that it therefore made sense to keep the vast majority of existing cash-based assets in his saver account. It also clearly spelt out that if he changed his mind he should ask for new advice.

So if the advisor was wrong and Mr T did not have any plans to use this money to buy property (or his plans were so vague that he was happy to 'lock this money away' in a medium term risk-based product) he should have challenged the advisor's report – and sought advice about how to invest the £100,000 plus sitting in his savers' account. I cannot reasonably hold HSBC responsible for his failure to ask for new advice when he didn't buy a property for a number of years.

Secondly, I recognise that there is not sufficient evidence to be certain whether the advisor's record that Mr T signed the agreement on 27 August was correct, let alone whether the fee was made clear at that point. But even if the size of the fee was not spelt out till late September when Mr T was presented with the advisor's recommendations, I do not believe this complaint should be upheld. This is because I am satisfied that Mr T was in a position to decide whether to go ahead with the advisor's recommendations and accept the fee in question. He could have declined to pay the advice fee and not gone ahead with the proposed actions if, as he's said, he didn't want to pay such a sum or believed the advice was free.

my final decision

I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T to accept or reject my decision before 5 March 2019.

Tony Moss
ombudsman