

complaint

Mrs E complains that HSBC Bank Plc (HSBC) gave her misleading information about handling her investments when moving abroad. She also says that HSBC's customer service has been very poor and it's failed to answer her questions about her investments.

background

Mrs E has explained that in 2016 she found out she was temporarily going to work and live abroad. So, she would need banking in the country she was going to live in – as well as a way to manage her investments.

Mrs E said she had opened a premier bank account with HSBC, which came with a personal relationship manager she could discuss her banking with. Because she needed to move £50,000 to HSBC in order to be eligible for this account one of the things she discussed with her relationship manager was what steps she could take with her investments.

Mrs E has said she primarily discussed ISA products with her relationship manager as she already had funds within ISAs – and she didn't want to lose the ISA status. But, she said they also talked about other investment options, for a UK rental income she would be receiving.

She said she was told she could make use of HSBC's Global Investment Centre (GIC) service, an investment platform. So, she applied and took this out online. Her investments included Individual Savings Account (ISA) and non-ISA elements.

However, once Mrs E had moved abroad and changed her address she was informed by HSBC that she wasn't eligible for the GIC because she wasn't a UK resident. So, there was a block placed on the service. She was told she'd be able to move money currently in the GIC. But, she wouldn't be able to make new subscriptions to it. Mrs E said she knew she wouldn't be able to make any new ISA subscriptions – but hadn't been told she wasn't eligible for the GIC when taking it out. She was concerned what would happen with the funds she had invested through this whilst she was abroad.

In addition, Mrs E said she had been told she would be able to move money between ISAs easily online. But, when she came to do this, she had to fill in a paper form. So, she felt she'd been misinformed about how easy it would be to make transfers.

Mrs E has also raised concerns about the customer service she received from HSBC when asking it questions about the GIC. She said HSBC failed to answer questions about an apparent anomaly in the amount of units she had invested, and her concerns about what would happen now restrictions were placed on the account.

HSBC said it's relationship manager hadn't realised the GIC wasn't suitable for customers if they weren't living in the UK. But, it explained that the GIC isn't a facility that is offered in HSBC branches. It said the relationship manager had told Mrs E that the GIC was something she would need to self-register for, and administer herself and they didn't provide advice on the product.

It felt that when Mrs E registered for the GIC online the eligibility criteria were made clear to her – including the need to be a UK resident. It apologised for not making Mrs E aware of the restrictions of the GIC prior to her registration. But it felt at that point she would've been able

to make a decision about whether the GIC product was suitable for her when she applied for it.

Our investigator didn't uphold this complaint. Given what she had seen of the online application process and how the eligibility criteria was for the GIC was displayed she didn't think HSBC had acted unreasonably in respect of the sale of the GIC. And she explained that because the sale of the product was non-advised, it was for Mrs E to make sure the product was suitable for her needs.

Mrs E disagreed with our investigator's opinion. She explained she had decided to use HSBC because she was told by her relationship manager that with HSBC it would be easy to manage her banking and investments whilst abroad. And she was pointed towards the GIC as being suitable for her given her circumstances. She said that when she registered online for the GIC she was resident in the UK. She didn't think it was made clear that if you moved from the UK at a later date that you would no longer be eligible for the service.

Mrs E also reiterated that she felt the customer service provided by HSBC had been poor. It hadn't answered her questions about the investments, or what would be happening to them now she was no longer eligible for GIC service.

Because Mrs E disagreed this complaint has been referred to me to decide.

my provisional findings

I sent Mrs E and HSBC my provisional findings on this complaint on 12 October 2018. In this I said;

'I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. Having done this, I'm thinking of upholding this complaint in part. I've explained the reasoning for this below, under the relevant headings.

It's important to note I'm aware Mrs E has raised other concerns in relation to the information and service she has been provided with about banking with HSBC, both in this country and abroad. In this complaint, I'm only focusing on the concerns Mrs E has raised about her investments.

sale of the GIC

Mrs E has raised her concerns with how the GIC was explained to her, and feels she was mis-led into going online and registering for it. So, I've needed to think about whether HSBC acted fairly or not in the way it discussed the GIC with Mrs E.

I understand the GIC is a service that isn't offered in HSBC branches. Instead, it is offered and can be taken out online. HSBC doesn't offer advice on the service and whether it is suitable for individuals. So, I'm satisfied Mrs E would've needed to make the decision as to whether she thought this service met her needs.

But Mrs E has said that the relationship manager she met with talked to her about the GIC. And they suggested she signed up for the GIC once her premier account and online banking had been set up. She said the relationship manager explained she could transfer her cash

ISAs (currently with other financial providers). And, using the GIC she would be able to easily manage her UK ISA investments from abroad. Mrs E also said they discussed using the GIC for investing rental income she would receive whilst she was out of the country.

I haven't seen any notes from HSBC in relation to this meeting – other than Mrs E's application document for the premier account. So, I don't know exactly what was discussed in relation to Mrs E's investments. But, Mrs E has recollected a significant amount of information from the conversation they had. I find what Mrs E has said persuasive. And the information I've received from HSBC does suggest it agrees that the GIC service was discussed during the meeting.

HSBC has explained that it's relationship manager confirmed they weren't aware the GIC service wasn't available to non UK residents. So, they didn't tell Mrs E this was the case. Instead, they told her it wasn't sold in branch, and she would need to apply online.

I understand this may be the case. But, I'm aware the relationship manager did know about Mrs E's circumstances, and the fact she was temporarily moving abroad. I think that by suggesting to Mrs E that she used the GIC service the relationship manager provided Mrs E with mis-leading information as to whether this would be of use to her. Whilst Mrs E wasn't given advice about the service, I think she reasonably expected the relationship manager to provide correct and relevant information to her. But, I don't think they did.

I've looked at the website Mrs E would've visited to apply and take out the GIC to see whether the eligibility criteria was clear when Mrs E came to apply for the service online. I can see that the homepage for the GIC does provide an overview of the service. And the eligibility criteria are displayed further down this page. There is also a separate link on the website called 'How to apply.' And when you move onto this section the eligibility is displayed. This says;

'Eligibility Criteria

You can apply for Global Investment Centre if you:

- Are aged 18 or over
- Are a UK resident with a permanent UK residential address
- Have an HSBC current and/or saving account

You cannot apply for a Funds Portfolio and ISA Funds Portfolio if you're a non-UK resident (including if you are a UK Crown Servant working overseas)'

Having considered this, I do think the website makes clear you can only apply for the Global Investment Centre if you are a UK resident – with a permanent UK residential address.

But Mrs E has said that when she applied for the product she was a permanent resident in the UK. So, at that stage she did satisfy the eligibility criteria. I'm aware this was the case. And, I'm aware the relationship manager she discussed her circumstances with knew she was moving abroad. Given this, I think it was reasonable for Mrs E to remain unconcerned about whether she was eligible for the service on reading the criteria. It didn't say if her residency was to change then so might her eligibility status.

So, I can understand why Mrs E was distressed to later discover she wasn't eligible for the service. I think it would be reasonable for HSBC to compensate Mrs E for the distress this has caused to her.

Mrs E has said she'd like to move her money from HSBC given the GIC wasn't providing the service she expected. But, she feels she isn't able to do this, given the block HSBC told her they'd placed on the service. Having looked at the information provided to me, I can't see that Mrs E is unable to sell or transfer both her ISA and non-ISA investments. So, I think she can decide to do this if she wants to.

Mrs E has said she hasn't been able to deposit new funds into these accounts. And because of this she's lost out on the loyalty interest rate she would've received if she had been making additional subscriptions. But, Mrs E was aware she wouldn't be able to make new subscriptions into her ISAs. And this would be the same with any UK based ISA product. So, I don't think Mrs E has lost out by her ISA investments being frozen.

Mrs E has also said when she was told by her relationship manager that she'd be able to move money between ISAs easily when she wanted to. But, Mrs E doesn't feel this is the case – as she needed to fill out a paper form, required by the government, to make a transfer. I can't be sure what Mrs E was told about how this process worked, or in how much detail this was discussed. So, I don't think I can say HSBC acted incorrectly in the information it provided in this respect. And, I know the completion and return of this document would have been required regardless of where Mrs E held her ISAs. So, I don't think HSBC did anything wrong here.

customer service

Mrs E has said she had difficulties with communicating with HSBC about her investments. I've looked at the contact logs provided by both Mrs E and HSBC. And based on this I can see HSBC did respond to some of Mrs E's questions about the GIC and what this meant when restrictions were placed on her account. But, I think there were a number of occasions where HSBC could've responded more efficiently to Mrs E's queries, or been clearer in what it was telling her.

For example, I can see when Mrs E initially raised questions about what she needed to do to transfer funds from her cash ISA to GIC ISA she had to chase HSBC a number of times to receive a response to her queries.

On another occasion the units showing in Mrs E's GIC were incorrect. So, she queried this with HSBC and it took over two weeks for her to receive an answer to this query. I can appreciate why this, alongside the other customer service issues she experienced would've been troubling for Mrs E.

Mrs E had to deal with all of the above concerns whilst abroad. And was understandably worried about what was happening with a service she had been suggested by her relationship manager and was being told was blocked. I can see how this would've been stressful and upsetting for her.

Given the difficulties Mrs E has experienced with misleading information provided by her relationship manager – and the communication issues noted above – I think it would be fair

to pay Mrs E an amount of £500 compensation to her to reflect the upset and inconvenience this caused.'

Mrs E and HSBC both confirmed receipt of my provisional decision. HSBC said it didn't feel there was anything further it could provide on this case.

Mrs E said in general she was comfortable with what was stated in the provisional decision. But, there were two parts of the decision she wished to provide clarification on, for accuracy.

These were as follows;

- Mrs E said she realised she could move her invested funds, if she had an alternative place to put these. But, she said the reason she hadn't moved these funds from HSBC was because she had nowhere to move them to, now she had left the country. She said she couldn't move UK banks as she is residing out of the country. And, she said HSBC had offered no alternative products – and the ones she was eligible for have little or no return.
- Mrs E said she had lost out on the loyalty interest rate on her cash ISA, rather than on anything invested within the GIC. Mrs E said she was aware she couldn't make new subscriptions into this ISA when residing abroad. But, said she wasn't told she would lose the loyalty interest rate – despite HSBC knowing she was leaving the country.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint, including Mrs E's additional comments. Having done so, my final decision is to uphold this complaint in part, as detailed in my provisional decision.

I've thought carefully about what Mrs E has said in response to my provisional decision. And whether these points change my decision on what is fair and reasonable in these circumstances. Having considered everything from Mrs E and HSBC I still think HSBC should provide Mrs E with £500 compensation for the trouble and upset she's experienced.

Mrs E has also said she wasn't aware she would lose the loyalty interest rate on her cash ISA, rather than on anything invested within the GIC. But Mrs E has explained that she wanted to keep funds in an ISA, and she hasn't said she would've done anything differently if she had known this. So, even if Mrs E was told she wouldn't receive a loyalty interest rate whilst living abroad, I'm not convinced she would've done anything differently.

I'm satisfied Mrs E is still able to sell her or transfer both the ISA and non-ISA investments. But, I appreciate what Mrs E has said, about the difficulty she feels she'd experience in carrying this out. And the concerns this has caused.

But, I do accept that Mrs E was given misleading information, and having relied on this, she made choices as to where to place her funds. Given the clear inconvenience and upset Mrs E has experienced because of this and the communication issues that occurred, I'm satisfied it's fair for HSBC to pay an amount of £500 compensation.

my final decision

Given the above, my final decision is that I uphold this complaint in part. I require HSBC Bank Plc to;

- Pay Mrs E an amount of £500 compensation for the trouble and upset she's experienced.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs E to accept or reject my decision before 5 December 2018.

Rachel Woods
ombudsman