

complaint

Mrs W and Ms W complain HSBC Bank Plc mis-sold a Fixed Term Deposit account (FTD account) because they were not made aware of the risks involved with the account.

background

HSBC said it only facilitated the FTD account. The account was with HSBC India and any concerns had to be raised with them. It confirmed Mrs W had received 8% return on the money she had put in to the account. And it had arranged for someone from HSBC India to call her to discuss her concerns.

One of our adjudicators considered the complaint. He said there was no persuasive evidence Mrs W had been advised to invest in the FTD account. But HSBC had to provide information which was fair, clear and not misleading to allow them to make an informed decision about investing.

The adjudicator said it was HSBC India which held the account so we don't have jurisdiction over how it sold the account. So he said he was unable to comment on the way the account was set up. He said all HSBC UK did was provide the paperwork which was then passed to HSBC India.

The adjudicator said Mrs W was provided with the terms and conditions of the FTD account which explained the account is maintained in Indian Rupees. And foreign exchange rates are subject to daily change. He said it was the exchange rate at the time she cashed in the FTD account which caused her to receive less than she expected from her investment. He said HSBC had given her all the information she needed to make an informed decision.

Mrs W didn't agree with the adjudicator. She said HSBC should have advised them about the suitability of the account, and the dangers and pitfalls associated with it. If she had been, she said she would not have gone ahead with putting her money into the account. But her relationship manager had said it was a good idea.

Mrs W also said HSBC had written to her in November 2014 saying it was reviewing certain investments. And the letter clearly states if the investment was not suitable for her needs and she incurs a loss she will be compensated.

As agreement has not been reached the matter has been referred to me for review.

my findings

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

Mrs W was sent information by HSBC India in the first part of 2012 about the FTD account. She did not immediately have the money available to open the account and had to cash in two ISA's. She went to see her relationship officer at HSBC UK to complete the necessary documents to open the account.

Mrs W said the officer filled in the forms and checked the money in her account and completed the investment procedure. Mrs W put the account in her own name and her daughter's name. She said the officer was very upbeat about the investment but did not give

advice and did not explain any of the risks. She said she was not aware of this requirement until she received the letter from HSBC dated November 2014.

That letter was about reviewing the investment sales HSBC had made to her between August 2008 and April 2012. This was because concerns had been raised by the regulator about sales in this period. I appreciate Ms W thinks the review included the FTD account and completed the questionnaire she was sent on that basis. And she also thinks the letter means she should have received advice and been told about the risks of the investment.

But the review was about advised sales and I don't think the FTD account was an advised sale. Mrs W contacted her relationship officer in the UK because she was given information about the FTD account by HSBC India. I note she has referred to the officer saying the account was a good thing. But there is no record of the meetings-and Mrs W has said she was not provided with any advice.

So I don't think the review did include the FTD account. And the letter does not mean she should have received advice and been told about the risks with the account.

If HSBC UK were responsible for the sale of the FTD account on a non-advised basis it would still need to provide Mrs W with enough information to allow her to make an informed decision. But in this case I think it was HSBC India who was responsible for the sale and providing relevant information. So I don't think there was failure on the part of HSBC UK to provide information to Mrs W.

Mrs W and Ms W did get 8% return but because this was in Rupees the amount they got back in pounds sterling depended on the exchange rate at the time. I understand why Mrs W and Ms W may be disappointed with what they actually got back, but I am unable to say this is the responsibility of HSBC Bank Plc. As the investment was in a foreign currency, it was inevitable any interest paid would be subject to exchange rates.

my final decision

For the reasons I have set out above I don't uphold the complaint and I make no award.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs W and Ms W to accept or reject my decision before 18 February 2016.

Philip Gibbons
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