

## **The complaint**

Mr R has complained about HSBC UK Bank Plc (HSBC). He said HSBC blocked him from trading on his stocks and shares ISA account. He said the block was imposed by HSBC after he requested a cash transfer to a third party.

Mr R said he would like HSBC to review its policy and not place a block on his account going forward, when he is transferring cash out of his ISA.

## **What happened**

Mr R has a stocks and shares ISA with HSBC. In April 2023 he placed an instruction to transfer £100 from his cash account, within his ISA to a cash ISA held with a third party. Mr R said this was a test run before he began to transfer more significant sums of money from his ISA held with HSBC to the third party.

Mr R said that after several weeks he saw that £100 had left his cash account. He said he also saw that HSBC had imposed a block on his account so that he was unable to place any trades. He said he found this confusing, alarming, and unnecessary. Mr R said he was only transferring £100 cash, nothing to do with the investments he held in his ISA.

Mr R said his £100 finally showed up with the third party a week or so later, with the process taking considerably longer than the 30 calendar days it should have reasonably taken.

Mr R said he understands that a block on trading during a transfer of stock, mitigates risk of stock mistakenly being sold. But he said it adds unnecessary risk when only transferring cash. He said he was unable to react quickly if needed to any changes to the market. Mr R complained to HSBC about this and said it should review its policy in relation to placing a block on his account, in relation to cash only transfers.

HSBC said in response that when a transfer is initiated, it places a block on an ISA account automatically, and this is in line with its procedures and part of its terms and conditions. It said this is what happened with Mr R's transfer.

HSBC said the third party requested a cheque for the cash that Mr R was trying to transfer. It said it doesn't normally complete an ISA transfer by issuing a cheque and most transfers are completed electronically. It said it took longer than normal to complete, which is why the block remained on his ISA account for longer than it normally would.

HSBC said it took longer to complete Mr R's transfer than it would have liked, by around an additional 30 days. It said it had worked out interest that Mr R lost out on during this period to be less than £1. It said though, that to compensate Mr R for distress and inconvenience caused, especially in light of the calls he had to make, that it would pay him £150. HSBC paid this amount to Mr R.

Mr R was not happy with HSBC's response and referred his complaint to our service.

An investigator looked into Mr R's complaint. He said he was unable to identify any wrongdoing caused by HSBC when it placed a restriction on his account. He said Mr R agreed to the terms and conditions of his ISA account before he was able to carry out trades. He said placing a restriction on trading, was a commercial decision carried out by HSBC. He also noted Mr R could make a trade on the phone if need be. He said the offer of compensation made by HSBC was in line with what our service considered to be fair. He didn't uphold Mr R's complaint.

Mr R is not in agreement with the investigator's view. He said he still hasn't been provided with a viable answer as to why for a cash transfer, these blocks are in place at all. He reiterated they are completely unnecessary and only serve to increase risk. He said why would telephone trading be possible, and how is that any different to online trading. He said the investigator's finding is not logical. As Mr R is not in agreement with the investigator's findings, his complaint has been passed to me, an ombudsman, to look into.

### **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.

Mr R has referred on several occasions to a complaint he made to our service in 2020 about HSBC. I acknowledge the strength of his feelings regarding what happened in 2020 and understand why he has raised the issues from this complaint again. He has explained what happened for context, with regards to the issues he said he has experienced with this complaint.

But to be clear, I cannot look into any of the issues that he complained about that happened in 2020. Another ombudsman issued a final decision on that complaint. Instead, I have looked into Mr R's complaint about the transfer instruction he placed in April 2023, and this is what I have decided on only.

I have independently reached the same conclusions as the investigator and am not upholding Mr R's complaint. Here are the reasons why:

- When Mr R signed up to having a Stocks and Shares ISA account with HSBC, he also would have agreed to the terms and conditions that applied. HSBC has provided a copy of these terms and has referred me to one that it says is relevant to Mr R's complaint. I have looked at this.
- The term is about transfer requests and about restrictions that HSBC places on any of the stocks and shares ISA accounts it administers. It says "Once we receive a request to transfer your ISA to another ISA provider and confirmation of acceptance from the new ISA provider, you'll not be able to place security instructions on your ISA account through our website until the transfer is complete. You'll still be able to place security instructions by telephone. You'll also not be able to make a subscription into your ISA account (whether through online banking or by telephone) until such transfer is complete."
- I can see that this term makes it clear that trading online will be restricted from when HSBC receives a transfer request until it is complete. This is a term that Mr R signed up to when he opened his account. So, I can see that by placing a restriction on Mr R's online trading activities during the transfer in 2023, HSBC was acting within the terms and conditions it set for Mr R's account.
- I can also see that according to the terms given, Mr R had an alternative at any time

during the restriction being in place: he could according to HSBC, call them and place his instructions on the phone. Mr R has said it isn't logical for HSBC to restrict online trading and not restrict instructions given on the phone. Presumably though, a phone call instruction by Mr R would give HSBC an opportunity to make checks and decide whether it could place the trade. But in any case, I can see that HSBC has stated that any of its ISA account holders can do this and has offered an alternative way that orders can be placed, when a restriction is placed online. So, with all that I have read here, I don't think HSBC has been unreasonable when it placed a restriction on Mr R's stocks and shares ISA in April 2023, when it received his instruction to make a transfer.

- Mr R has said on a few occasions that he doesn't understand why a restriction would be placed on his account, when he was transferring only cash. So, in this case it was £100 cash transferred to a cash ISA. I acknowledge what Mr R has said here, but his transfer was from a stocks and shares ISA, and HSBC has put in place what it has decided are necessary safeguards across all its stocks and shares ISA accounts. It has stated from the outset that it was going to do this. I don't think it has been unfair to Mr R by doing what it said it was going to do.
- There was a delay to Mr R's transfer, and it took longer than it should have. The government guidelines state that for the type of account Mr R has, that any transfer should take no longer than 30 calendar days to complete. So, a delay occurred. HSBC has taken responsibility for the delay, and although it said the reason for it was because it had to issue a cheque at the third party's request, it has paid compensation. It has paid £150 to Mr R for the distress and inconvenience it said it caused him for the delay, lost interest and due to the calls Mr R had to make. I think what it has paid in compensation to Mr R is fair and reasonable in the circumstances of Mr R's complaint and like what I have awarded in like complaints.
- I don't think HSBC has made any errors in the way it has applied a restriction to Mr R's account in 2023. A delay happened with Mr R's transfer and HSBC has taken responsibility for this and paid compensation. I don't think anything it has done here is unreasonable. So, it follows, that I don't uphold Mr R's complaint.

I appreciate that my decision will be disappointing for Mr R but based on everything I have read and the findings I have given, I don't uphold his complaint.

### **My final decision**

My final decision is that I do not uphold Mr R's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 26 February 2024.

Mark Richardson  
**Ombudsman**