

The complaint

Mr and Mrs S have complained about the advice they were given by HSBC UK Bank Plc to invest into a managed portfolio in 2017.

What happened

Mr and Mrs S met with an advisor from HSBC in March 2017. They were recorded as wanting their investments reviewed, with Mr C having the goal of retiring later that year.

Following the meeting, Mr and Mrs S were advised to transfer approximately £240,000 into the HSBC Premier Investment Management Service (PIMS). This is a discretionary management service, where HSBC act as the manager and invest in a range of financial instruments on behalf of Mr and Mrs S.

In April 2022, Mr and Mrs S complained to HSBC. They said amongst other complaint points, that they weren't made aware of alternative and potentially cheaper options. They paid for benefits that weren't needed and that a review after investment didn't happen.

HSBC responded to Mr and Mrs S to say that they believe the advice to invest in the PIMS was suitable and matched their recorded needs at the time. They also said all financial reviews had gone ahead.

Mr and Mrs S were unhappy with this response and brought the complaint to our service for an independent review. Our investigator looked into it. He said he was unable to determine the advice had been unsuitable. He believed Mr and Mrs S were presented with lower cost alternatives but chose to proceed. He also felt they were given sufficient time to make the decision and that HSBC had met their obligatory requirements under an ongoing advisory service.

Mr and Mrs S remained unhappy. Amongst their points in reply to the investigator, they said:

- They approached their HSBC relationship manager to consolidate investments into their HSBC world selection portfolio, which they held in an ISA wrapper.
- They are complaining as their current advisor has told them PIMS isn't suitable.
- They weren't seeking full and regular financial reviews or the costs involved with this investment.
- The 2019 review did go ahead but not within the twelve-month window it should have.

As no agreement was reached, the case has been passed to me to decide.

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.

As HSBC were giving advice in 2017, they had certain obligations towards Mr and Mrs S. This included making a suitable recommendation, based on their circumstances, objectives, investment experience and attitude to risk. The information supplied by HSBC about their recommendation needed to be clear, fair and not misleading in order for Mr and Mrs S to make an informed decision.

I've looked at what I know about Mr and Mrs S' overall financial situation when they received this advice. In addition to what the parties have told me, I think it's reasonable for me to rely on information in the 'fact find' document and other point of sale documents.

At the time of the advice, Mr and Mrs S' circumstances were that they were 71 and 69 years old respectively. Mr S was a self-employed accountant and Mrs S worked for that business as a secretary. They both worked two days a week and had the goal of retiring in approximately 6 months' time. They were looking for increased income to supplement this goal.

Mr and Mrs S were recommended to transfer approximately £240,000 from ISAs in both of their names, into the PIMS. They had approximately £450,000 in savings and investments and this advice left them with over £100,000 as a cash reserve.

Mr and Mrs S completed risk tolerance questionnaires as part of the fact find. Mr S was recorded as having a higher risk profile and Mrs S medium risk. However, based on their circumstances and objectives, HSBC identified that they had a low capacity for loss. Mr and Mrs S were left with a sizeable cash reserve and the PIMS proceeded on a lower risk basis. I think this was a suitable recommendation.

Mr and Mrs S required an increased income to meet their objective to retire in six months. The PIMS income portfolio overview I have seen a copy of, shows that the yield at the time of advice was sufficient to meet this goal.

Mr and Mrs S have said they should have been advised to switch into their existing HSBC world selection balanced portfolio, rather than the PIMS. They say that a subsequent advisor at the business has suggested this too. The HSBC financial planning report provided, shows this was considered. However, it stated that Mr and Mrs S opted to proceed with the PIMS due to *"the extra diversification, annual reviews and overall service offering"*. It also said they wanted the option of annual reviews to support future potential top-ups of their investment. I am satisfied with this answer given here why the PIMS was chosen and that it was a suitable recommendation for them.

Mr and Mrs S signed to confirm agreement and acceptance of this report. They have said that they were rushed into accepting the recommendations of the report. However, I can't see any evidence of time restrictions or deadlines imposed. The investment was an ISA transfer and not reliant on any tax year deadline. I am satisfied that if Mr and Mrs S had required more time to consider the proposal, they would have been given it.

Mr and Mrs S are unhappy the 2019 financial review took place later than they believe it should, and was backdated. However, the review took place, within the financial year and I haven't seen anything to conclude that Mr and Mrs S were disadvantaged by it not taking place a couple of weeks earlier.

In summary, I am satisfied that the advice given to transfer into the PIMS was suitable. It matched Mr and Mrs S' circumstances, needs and attitude to risk at the time. I am also satisfied that Mr and Mrs S were given sufficient time to consider the recommendations and that subsequent financial reviews have taken place in reasonable timescales.

My final decision

My final decision for the reasons set out above, is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S and Mrs S to accept or reject my decision before 15 January 2024.

Yoni Smith
Ombudsman