

The complaint

Mr C complains that HSBC UK Bank Plc prevented him from buying shares in a UK listed company for several days in late August 2022.

To put matters right Mr C would like HSBC to pay him '*reasonable compensation*' for the financial loss he says he has suffered and the anxiety this matter caused him.

What happened

In late August 2022, Mr C placed an order to buy shares in a UK listed company using HSBC's InvestDirect platform. The order was rejected. Mr C contacted HSBC to query why his order had been rejected. HSBC explained that it had suspended the stock as it was subject to a Corporate Action. I understand that once the Corporate Action had been completed HSBC removed the suspension.

Mr C complained to HSBC. He said other trading platforms had not suspended trading in the stock and he felt HSBC had acted incorrectly when it prevented him from trading the stock, simply because it was subject to a Corporate Action. He said he had suffered a financial loss as a result of HSBC's decision to suspend trading in the stock and he had also suffered anxiety due to being unable to trade in the stock for several days.

HSBC did not uphold Mr C's complaint. It said that due to the way its system operated, it had to suspend trading to allow the Corporate Action to be completed.

Mr C was not satisfied with HSBC's response and referred the matter to this service.

Having considered Mr C's complaint, our investigator said he was satisfied that HSBC was entitled to make a legitimate commercial decision to suspend trading in a stock if its system could not support trading while the stock was subject to a Corporate Action.

Mr C did not accept our investigator's view. He referred to information that had been provided to shareholders in connection with the Corporate Action. He also provided information showing that the stock had been traded on the London Stock Exchange during the period it had been suspended on HSBC's platform. Mr C said he felt it was '*...HSBC InvestDirect's mistake to stop me from trading on [name of] stock from 25 August 2022 to 1 September 2022.*'

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.

I am sympathetic to Mr C's position, but having carefully considered this matter, I cannot reasonably agree that HSBC made a 'mistake' when it suspended trading in the stock Mr C wanted to buy while the Corporate Action was completed. I'll explain why.

The terms and conditions for HSBC's InvestDirect Plus set out, under the heading 'Key Features of Investment dealing':

What Investments can I deal in using this Service?

*You can invest in a range of Equity Investments, gilts (UK Government bonds), Investment Trusts and UK-listed Exchange Traded Funds. **Please be aware that we may not offer the full range of Investments available in the Regulated Market.***

*We reserve the right to remove or suspend any Investment from the Service if there is extreme market volatility **or for any other valid reason we may tell you of.** However, if you've already asked us to buy an Investment before we decide to remove or suspend that Investment from the Service, we'll still try to enter into a deal for that order on your behalf. If you have an Investment In your Investment Account which has been suspended or removed from the Service, we may still allow you to hold or sell that Investment.*

(bold is my emphasis)

As the terms and conditions for Mr C's account clearly set out, HSBC is entitled to remove or suspend any Investment (in this case the stock Mr C wanted to buy) for a '*valid reason*'. I note that HSBC has explained to Mr C that, due to the way its system operated, it had to suspend trading to allow the Corporate Action to be completed. As HSBC's system couldn't support buy orders until the Corporate Action had been completed, I can't reasonably find that it acted incorrectly when it temporarily suspended trading in the stock Mr C wanted to buy.

I do understand that this is not the decision Mr C was hoping for. As our investigator explained, this service determines complaints on their individual merits. We don't have the power to order a business to change its processes or get involved in legitimate commercial decisions about how it operates. If Mr C remains concerned that HSBC didn't allow him to buy stock while a Corporate Action on the stock was being completed, he may wish to raise this with the industry regulator, the Financial Conduct Authority.

My final decision

My decision is that, for the reasons I have set out above, I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 6 November 2023.

Suzannah Stuart
Ombudsman