

Ombudsman Decision**CIFO Reference Number: 24-000212****Complainant: Mr B****Respondent: HSBC Bank Plc, Jersey Branch****Complaint**

The Complainant, who I shall refer to as Mr B, complains that HSBC Bank Plc, Jersey Branch ('HSBC') failed to verify a payment he made resulting in it being cancelled. Subsequently, his investment of £20,000 into an ISA was not made in time to meet the tax year cut-off date.

Background

In order to benefit from tax relief on interest earned for the 2024/25 tax year, Mr B made a payment of £20,000 into a fixed term cash ISA on the deadline for investment, 5 April 2024. HSBC should have contacted Mr B to verify this payment, but it did not and because it was not verified on the same day, the payment was automatically reversed and did not debit Mr B's HSBC account and credit the ISA.

Mr B therefore missed the deadline to invest the £20,000 in the ISA as he had intended. On 8 April, HSBC confirmed to Mr B the payment had been verified but Mr B told the bank he no longer wished to process it and did not subsequently transfer the £20,000 into the ISA. His complaint to HSBC was upheld and HSBC offered him a total of £150 compensation. He received £100 of this but rejected the offer of an additional £50.

The CIFO Adjudicator concluded that this complaint be upheld and that HSBC should pay Mr B total compensation of £440.04, being £190.04 in tax

¹ Financial Services Ombudsman (Jersey) Law 2014 Article 16(11) and Financial Services Ombudsman (Bailiwick of Guernsey) Law 2014 Section 16(10)

paid on the interest that he would have gained over 2024/25 and £250 for distress and inconvenience of which £100 had already been paid.

Mr B did not agree with the recommendation and requested an Ombudsman's review and final decision.

Subsequent Submissions

Mr B said that he felt *'HSBC should be offering greater compensation, at least in lieu of future tax costs that I will now have to incur.....there does seem to be no recognition whatsoever that they failed to follow a process laid down in their own terms and conditions. They are clearly at fault here and will cause me additional tax costs in the future. Despite the fact that the value of these costs cannot be accurately quantified, they will nonetheless be incurred and there should be some recognition of this fact.'*

HSBC did not provide anything further.

Findings

I have considered all the available evidence and arguments to decide what is, in my opinion, fair and reasonable in the individual circumstances of this complaint. Where necessary or appropriate, in particular where information may be missing or incomplete as in this case, I reach my conclusions on the balance of probabilities; that is, what I consider is most likely to have happened, in light of the evidence that is available and the wider surrounding circumstances.

Mr B states that HSBC should be liable for future tax gains on the £20,000 he was unable to invest within the 1-year fixed cash ISA, and if not should be compensated for the error made by HSBC by not following its own procedures and failing to verify a payment he made, causing it to be reversed. I accept that HSBC did not follow its own procedures and by not doing so, the financial loss associated with the error was that £20,000 was not paid into a 1-year fixed ISA at 4.76%. Therefore, I find it fair and reasonable for HSBC to pay the tax on the interest gained for that specific period, that would have been £190.04 (20% of £952 interest earned on £20,000 at 4.76% p.a.). I do not find it reasonable to expect this to be paid beyond 2024/25 given the uncertainty of any speculative further investment of the £20,000 into another ISA. Mr B stated that *'Going forward I will forever have £20,000 less that is sheltered from tax on any interest accruing. The aim is to move cash from standard bank accounts into ISAs at a rate of £20,000 each year.'* I do not doubt this to be the case, but I

do not consider it necessary for HSBC to cover any further tax liability than that for the tax year related to the error made.

That HSBC made an error was acknowledged by the bank, and for this I find it must compensate Mr B. I find £250.00 for the distress and inconvenience caused by the error fair and reasonable in this case.

Final Decision

My final decision is that I uphold Mr B's complaint and require HSBC to pay him a total of £440.04, for his economic loss and distress and inconvenience, of which I note £100 has already been paid.

Douglas Melville
Principal Ombudsman and Chief Executive

Date: 31 March 2025