

HSBC Private Bank (UK) Limited

# Private Banking Customer Guide

We're changing the way we're structured in the UK. We're proposing to transfer the business of HSBC Private Bank (UK) Limited to HSBC UK Bank plc (**HSBC UK**). This means that all accounts, products and services currently held or provided by HSBC Private Bank (UK) Limited will in the future be held or provided by HSBC UK.

We're using a legal scheme called a "Banking Business Transfer Scheme" under Part VII of the Financial Services and Markets Act 2000 (the **Scheme**).

This guide is to help you understand the proposed transfer of the business of HSBC Private Bank (UK) Limited to HSBC UK, what is happening, and how the changes might affect you. If having read the guide you have any questions, please contact your Relationship Manager or email us at [hsbcprivatebanking\\_uk@hsbcpb.com](mailto:hsbcprivatebanking_uk@hsbcpb.com).

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## Part A – Overview

### 1. What are the key dates?

We need the approval of the High Court before we can transfer the business of HSBC Private Bank (UK) Limited to HSBC UK. The key stages in getting the Court's approval are:

- ◆ 7 August 2019 – a Directions Hearing was held at the High Court to seek approval for our application for the Court process to begin;
- ◆ 9 December 2019 – a Sanction Hearing for the High Court to consider the terms of the transfer and any concerns, and decide whether to approve the transfer; and
- ◆ 1 January 2020 – the currently scheduled date of the transfer, if the transfer is approved

If there are any changes to the Court dates or Scheme effective date, we will post details on the website at [www.hsbcprivatebank.com](http://www.hsbcprivatebank.com). This information will be accessible by following the link to the Scheme.

### 2. Where is the Court Hearing?

The Court Hearing to decide whether to approve the transfer is due to take place on 9 December 2019 at the Rolls Building, 7 Rolls Buildings, Fetter Lane, London, EC4 1NL in the Business and Property Courts of England and Wales (Chancery Division).

### 3. Can I opt out of the Scheme?

No, you cannot opt out of the Scheme.

### 4. Do I need to do anything?

We recommend that you read this guide and the statement summarising the terms of the Scheme enclosed with it to help you to understand if the transfer may adversely affect you and, if so, the further steps you may wish to take.

### 5. What should I do if I have any questions, concerns or wish to find out more?

As always, we are here to support you and help answer any questions you may have.

If you have any questions or concerns after reading this guide, the statement summarising the terms of the Scheme and visiting our website, please either:

- ◆ email us at [hsbcprivatebanking\\_uk@hsbcpcb.com](mailto:hsbcprivatebanking_uk@hsbcpcb.com) – you will need to include your unique reference number shown in the top right hand corner of the letter we sent you about this; or
- ◆ call your Relationship Manager to discuss any questions that you may have.

If you would like a printed copy of any of the key scheme documents on our website, please contact us using the details above and we will be happy to send these to you free of charge.

If you would like to make your views known, please see Part F of this guide (Making your views known).

## Part B – HSBC UK

### **6. What is HSBC UK?**

HSBC UK is a ring-fenced bank of the HSBC Group consisting of retail and commercial banking customers and is the immediate parent company of HSBC Private Bank (UK) Limited. HSBC Private Bank (UK) Limited customers will therefore continue to benefit from the additional protections of banking with a ring-fenced bank. HSBC UK will provide accounts, products and services to UK Private Banking clients instead of HSBC Private Bank (UK) Limited. Most of HSBC's personal and commercial customers in the UK are also customers of HSBC UK.

HSBC UK is authorised by the Prudential Regulation Authority (the **PRA**) and regulated by the PRA and Financial Conduct Authority (the **FCA**) in the UK. For further information about the HSBC Group please visit [www.hsbc.com](http://www.hsbc.com).

### **7. What is the credit rating of HSBC UK?**

The long term credit rating of HSBC UK is AA- for Fitch Ratings Inc. and AA- for Standard & Poor's Financial Services LLC.

## Part C – The impact on your products and services

### **8. Will all of my products transfer?**

Yes, all products provided by HSBC Private Bank (UK) Limited will transfer to HSBC UK.

To be clear, where you have acquired products through HSBC Private Bank (UK) Limited which are provided by another firm, the products will continue to be provided by the other firm but the services supplied by HSBC Private Bank (UK) Limited in relation to the products will transfer to HSBC UK.

### **9. Will the transfer result in any changes to my existing products, services or the way my account is managed?**

No. Your existing products, services and day-to-day banking will remain unchanged by the Scheme (unless we've notified you separately). The way you bank with us and the service you receive won't be affected and your Relationship Manager will not change. If you open a new account between now and the Scheme effective date this new account will also be transferred to HSBC UK.

### **10. Will there be any changes to the interest rate or charges on my products?**

No. There'll be no changes to interest rates or charges as a result of the transfer.

However, from the effective date of the transfer, HSBC UK will take over the responsibility for the setting and management of interest rates and charges from HSBC Private Bank (UK) Limited. This includes, for example, the interest rates and charges applicable to any mortgage products which you currently hold with HSBC Private Bank (UK) Limited.

### **11. What happens if I've applied for an account or purchased a product, but it's not completed at the time of transfer?**

If you're applying for a product that is with HSBC Private Bank (UK) Limited, we will continue to process your application and the provider of the product will be HSBC UK. You'll not have to do anything.

### **12. If I have a product which has related security arrangements or guarantees, what will happen?**

The transfer to HSBC UK won't affect the validity of any existing guarantees or security arrangements.

Any related security arrangements or guarantees will transfer from HSBC Private Bank (UK) Limited to HSBC UK at the same time as your product. Unless set out below, you don't need to take any action; they will transfer automatically.

However, you may have separate obligations to notify relevant third parties that these arrangements will transfer to HSBC UK.

For arrangements outside of the UK, we may need to contact you or any third party provider of any security or guarantees (if relevant) separately to ensure that these arrangements transfer. In addition, companies incorporated in certain jurisdictions that have granted security in favour of HSBC Private Bank (UK) Limited may need to comply with certain requirements in the relevant jurisdiction, for example updating any relevant registers. This will vary depending on the jurisdiction.

### **13. How does this impact my ISA?**

If you have an individual savings account (**ISA**) product with us, the ISA Manager will be changing to HSBC UK on 1 January 2020. The address for HSBC UK is: 1 Centenary Square, Birmingham, United Kingdom, B1 1HQ.

Other than the change of ISA Manager your ISA product will continue to operate as normal. As a result, there is no specific action you need to take.

In accordance with ISA Regulations and the terms and conditions of your account, we need to remind you that as a result of HSBC UK becoming your ISA Manager, you have the right to close your account and transfer it to another ISA Manager of your choice at any time and free of charge. If you want to do this before the transfer to HSBC UK takes place, we would

need to receive your transfer instructions no later than 4 November 2019 to allow us sufficient time to complete your request.

#### **14. How will this impact HSBC's set-off rights?**

Some of HSBC Private Bank (UK) Limited's facility letters with customers and other terms and conditions contain provisions called "Pay & Apply" clauses and/or "Set-off" clauses. These allow HSBC Private Bank (UK) Limited to set-off a customer's credit balances against their liabilities to HSBC Private Bank (UK) Limited (and in some cases other members of the HSBC Group). There is a risk that HSBC UK may acquire greater set-off rights as a result of the Scheme where the customer is a customer of both banks. In order to mitigate this risk for impacted customers, HSBC UK will not exercise any greater rights it acquires during a three month period following the effective date of the Scheme (i.e. from 1 January 2020). However, if the relevant credit balances are held for a fixed term which ends after the effective date, HSBC UK will not exercise these set-off rights for a three month period following the expiry of the respective fixed term.

## Part D – Terms and conditions and litigation

### **15. Will there be any changes to my terms and conditions?**

Your terms and conditions will change to reflect the fact that your banking relationship has moved to HSBC UK.

We may make changes to our terms and conditions in respect of the identity of the service provider for certain products and services that are currently provided by HSBC Group members (including HSBC UK). Your existing products, services and day-to-day banking will remain otherwise unchanged by the transfer. We will contact you separately if any further changes are required to the way your products are provided to you (including the terms and conditions applicable to them).

### **16. What happens if I am involved in a complaint or litigation with HSBC Private Bank (UK) Limited?**

HSBC UK will take over the complaint or litigation from HSBC Private Bank (UK) Limited. This will happen automatically and you don't need to take any action in respect of the transfer.

### **17. My account is currently in default or subject to legal proceedings. Do I need to do anything differently?**

Even though accounts are being transferred from HSBC Private Bank (UK) Limited to HSBC UK, the transfer won't affect the validity of any existing court orders which will transfer to, and be enforceable by, HSBC UK under the Scheme.

However, you may have separate obligations, or may choose, to notify beneficiaries of court orders that the holder of the relevant accounts has changed from HSBC Private Bank (UK) Limited to HSBC UK.

### **18. Will the transfer impact my protections under the Financial Services Compensation Scheme?**

If you hold an account with HSBC Private Bank (UK) Limited only, then your protections under the Financial Services Compensation Scheme (**FSCS**) will remain unchanged. Both HSBC Private Bank (UK) Limited and HSBC UK are covered by the FSCS.

If you have deposits with both HSBC Private Bank (UK) Limited and HSBC UK, then if the Court approves the transfer, deposits held at HSBC Private Bank (UK) Limited and HSBC UK will be with the same regulated bank. If you have deposits with both HSBC Private Bank (UK) Limited and HSBC UK today, your deposits are currently covered separately in each bank by the FSCS. After the transfer, these deposits will be held within the same bank and will be covered by a single FSCS protection of one bank, therefore reducing the overall level of cover.

The FSCS can pay compensation to clients if a financial institution is unable to meet its financial obligations. The FSCS is the UK's Deposit Guarantee Scheme and can pay compensation in respect of an eligible deposit if a bank is unable to meet its financial obligations. Subject to eligibility, a depositor is entitled to claim up to the current FSCS limit, which is £85,000. If an eligible depositor has a temporary high balance in their account (e.g. sums relating to real estate transactions or an inheritance), the FSCS will provide a £1 million protection limit. The level of cover provided from the FSCS in respect of investment business is limited to 100% of the first £85,000 of any eligible claim.

If you are impacted in this way and lose FSCS protection, you can withdraw affected balances without penalty up to three months after the effective date of the transfer (i.e. from 1 January 2020). We can help you find a suitable alternative account. In addition, if you only hold deposits with HSBC Private Bank (UK) Limited and not HSBC UK, you will also have the ability to withdraw such part of your funds as exceed the FSCS limit without penalty should you choose to do so within the same three month period.

If any part of your deposits are not protected under the FSCS (e.g. deposits in excess of £85,000), other creditors may rank ahead of you in the creditor hierarchy in respect of any unprotected amounts should HSBC UK become insolvent. However, as noted, HSBC UK is a well-capitalised bank with an investment grade credit rating.



## **19. Will this transfer have any tax consequences for me?**

This guide is intended to give you information about the transfer and is not intended to provide tax advice on the tax consequences of the transfer. If you're a resident in the United Kingdom for tax purposes, based on HSBC's tax review of the scheme, the transfer is not likely to result in a taxable disposal of your products.

If you're in any doubt about the tax implications of the transfer, for example if you are tax resident in another jurisdiction, you should consider seeking independent professional tax advice.

## Part E – Operational information

### **20. Do I need to update my direct debits or standing orders?**

No. There'll be no impact to direct debits, existing direct debit guarantees or standing orders.

### **21. Will there be any changes to my sort code or account number?**

No. There'll be no impact to customer sort codes, account numbers or other account identifiers (e.g. BICs, BINs, IBANs etc.).

### **22. Will I be able to access my account history?**

Yes. Your online/telephone account access will not change and you will have uninterrupted access to your account and account history.

### **23. How will my personal information be protected?**

From the date of the change, any information that HSBC Private Bank (UK) Limited holds about you or about your products or services will transfer to HSBC UK, who will take over as data controller with respect to this information. HSBC UK will use and process your information in the same way and for the same purposes as HSBC Private Bank (UK) Limited did before the transfer.

In particular, HSBC UK may:

- ◆ transfer your personal information between other members of the HSBC Group and to certain third parties in different jurisdictions;
- ◆ use your personal information for marketing purposes, where you have consented to this; and
- ◆ retain your personal information in accordance with applicable laws.

For more information about how HSBC UK will use your personal information visit <https://www.hsbcprivatebank.com/en/utilities/privacy-statement/uk-privacy-policy>.

### **24. I am concerned that all these changes increase the risk of fraud on my account. What is being done to protect me?**

At HSBC, protecting our customers from fraud is a key priority for us. We deploy market-leading fraud detection systems which routinely monitor for fraudulent activity.

We also try to minimise the number of times we contact customers as they go about their everyday spending and banking activities.

We'd like to remind customers to "take five and stop to think":

1. A genuine bank or organisation will never contact you out of the blue to ask for your PIN, full password or to move money to another account. Don't give out personal or financial details unless it is to use a service that you have signed up to and you're sure that the request for your information is directly related
2. Don't assume a text, e-mail request or caller is genuine
3. Don't be rushed: a genuine bank or organisation won't mind waiting to give you time to stop and think or ask questions
4. Listen to your instincts: if something feels wrong, pause and question it
5. Stay in control and have the confidence to refuse or ignore unusual requests for information

As part of the changes in connection with the transfer of the business of HSBC Private Bank (UK) Limited to HSBC UK, we will NEVER ask you to move your money between accounts. If you have any concerns at all, please contact one of our help desks.

For more information on the take five campaign, please visit [www.takefive-stopfraud.org.uk](http://www.takefive-stopfraud.org.uk)

## Part F – Making your views known

### 25. How can I make my views known?

If you still have any questions or concerns after visiting our website, please:

- ◆ email us at [hsbcprivatebanking\\_uk@hsbcpcb.com](mailto:hsbcprivatebanking_uk@hsbcpcb.com); or
- ◆ contact your normal relationship manager at HSBC Private Bank (UK) Limited, 8 Cork Street, London, W1S 3LJ

The Court Hearing to decide whether to approve the transfer is due to take place on 9 December 2019 at the Rolls Building, 7 Rolls Buildings, Fetter Lane, London, EC4 1NL in the Business and Property Courts of England and Wales (Chancery Division).

If you believe that you may be adversely affected by the transfer, you have the right to object to the Scheme and to attend the Court Hearing for approval of the transfer. You can write to us even if you are not going to appear at the hearing, and we will ensure that your objections are provided to the Court. When considering whether to approve the Scheme, the Court will take into account whether the Scheme adversely affects you or anyone else.

If you intend to object to the transfer, it would be helpful, but not obligatory, if you would provide us with details of your objection or details of your intention to attend or be represented at the Court Hearing. Please provide these details, preferably at least five business days before 9 December 2019, in writing to HSBC Private Bank (UK) Limited's dedicated email address at [hsbcprivatebanking\\_uk@hsbcpcb.com](mailto:hsbcprivatebanking_uk@hsbcpcb.com) or by post to the following address:

Chief Executive Officer, HSBC Private Bank (UK) Limited, 8 Cork Street, London, W1S 3LJ

HSBC Private Bank (UK) Limited will acknowledge and reply in writing to all objections we receive. HSBC Private Bank (UK) Limited will also submit details of all objections received to the Court for consideration as part of their decision on the transfer, as well as to the PRA and FCA.



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