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Disclosure: Financial Institution Advertisement Banned by UK Regulator

October 21, 2022

Disclosure



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The UK's Advertising Standards Authority (ASA) has **ruled** that two UK retail banking advertisements, which made claims about the financial institution's green credentials, were "misleading" and "omitted material information." The billboard advertisements, which stated how HSBC was planting trees and transitioning to net zero, were posted on bus stops in Bristol and London in October 2021 just prior to the COP26 climate change summit. The ASA received 45 complaints, including from campaign group Adfree Cities. The ASA determined that the two advertisements should not be used again and that HSBC should ensure that future marketing communications making environmental claims were "adequately qualified and did not omit material information about its contribution to carbon dioxide and greenhouse gas emissions." This is the first example of the ASA taking action against a bank for 'greenwashing'. Notably, it does not appear that anything depicted in the advertisements was false. Rather, the ASA action appears to have been based on the fact that HSBC finances, among many companies and industries, fossil fuel companies.

HSBC responded to the announcement stating that the "financial sector has a responsibility to communicate its role in the low carbon transition to raise public awareness and engage its customers" and that they "will consider how best to do this as we deliver our ambitious net zero commitments."

Taking the Temperature: The ASA ruling is somewhat surprising. Nothing in the advertisement itself was alleged to be affirmatively false. And the fact that HSBC, like its peers, has not discontinued business with the fossil fuel segment of the energy industry is well known. Many participants on all sides of the green transition discussion acknowledge that transition to a green economy is not possible without energy provided by coal, oil and gas. HSBC also has stated it will "phase down" its financing of the fossil fuel industry, and that it will provide further details on that plan by the end of this

year. Nonetheless, the ASA's action is a reminder, if one was needed, for participants in the financial services and other industries, that there is significant regulatory attention being paid to green claims, and any such claims need to have a robust factual basis.