

The complaint

Miss K complains that Hargreaves Lansdown Asset Management Limited (“HLAM”) failed to transfer her pension savings to a new provider in a timely manner.

What happened

Miss K held pension savings with HLAM. In November 2019 the new provider informed HLAM of Miss K’s wish to transfer her pension savings and provided the required transfer instruction signed by Miss K. The new provider told HLAM that, at that stage, it wasn’t making a request for the transfer to actually be made.

Around two weeks later HLAM started to process the transfer request, sending a confirmation to Miss K and a valuation of her pension savings to the new provider. The letter that was sent to Miss K informed her that normally transfers of stock to a new provider take up to eight weeks, although it noted the timescales could be longer given that HLAM was reliant on actions by the new provider and the managers of any funds that were held.

Two weeks later HLAM sent further paperwork to Miss K which she returned around a week later. HLAM says that at that time it also checked Miss K’s transfer request was in order. HLAM didn’t hear anything further from the new provider for some time. HLAM sent an updated valuation to the new provider at the start of February 2020. On 2 March 2020 the new provider confirmed to HLAM that the transfer should proceed.

The majority of Miss K’s pension investments were transferred by HLAM around a week later. And two further stocks were transferred to the new provider in mid-April. That completed the transfer of all Miss K’s pension investments that could be held by the new provider. But one investment remained that couldn’t be transferred. So HLAM sold that holding on 24 April and transferred the proceeds from the sale, plus a small additional cash balance, to the new provider the following day.

When Miss K complained to HLAM about the time the transfer had taken it pointed out that the majority of the delays had been outside of its control. But it accepted that it had some responsibility for the delay so sent her a cheque for £250 as an apology. Miss K didn’t think that compensation was sufficient and brought her complaint to this Service.

Miss K’s complaint has been assessed by one of our investigators. Whilst our investigator agreed that the transfer had taken longer than HLAM had originally estimated, she thought that most of the delay wasn’t caused by HLAM. She thought that the payment HLAM had made of £250 was fair compensation for its contribution to the delay. So she didn’t think HLAM needed to do anything further.

Miss K didn’t agree with that assessment. So, as the complaint hasn’t been resolved informally, it has been passed to me, an ombudsman, to decide. This is the last stage of our process.

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.

In deciding this complaint I've taken into account the law, any relevant regulatory rules and good industry practice at the time. I have also carefully considered the submissions that have been made by Miss K and by HLAM. Where the evidence is unclear, or there are conflicts, I have made my decision based on the balance of probabilities. In other words I have looked at what evidence we do have, and the surrounding circumstances, to help me decide what I think is more likely to, or should, have happened.

At the outset I think it is useful to reflect on the role of this service. This service isn't intended to regulate or punish businesses for their conduct – that is the role of the Financial Conduct Authority. Instead this service looks to resolve individual complaints between a consumer and a business. Should we decide that something has gone wrong we would ask the business to put things right by placing the consumer, as far as is possible, in the position they would have been if the problem hadn't occurred.

Firstly I think it important to note that the transfer that Miss K instructed, and that HLAM implemented, was largely in-specie. That means that Miss K's pension savings were transferred to the new provider intact without being liquidated to cash first. I think that is important for two reasons. By making a transfer in that way, the risk of any financial losses due to delays were significantly reduced. Miss K wasn't out of the market during the transfer process. But making a transfer in this way was more complex – and was likely to take more time. HLAM was reliant on both the new scheme being ready, and able, to receive the stock transfers, and on the fund managers to complete the necessary re-registration.

I deliberately set out in some detail, earlier in this decision, the key events that took place during the transfer process. It is true that the transfer took over five months to complete – that was significantly longer than the eight week estimate that HLAM provided at the start. But looking at the various steps that were taken, it seems to me that the majority of the delay wasn't due to problems with HLAM's processes. It generally moved onto the next step of the process within a week or two of receiving the information that it needed.

In saying this I am not diminishing the frustration that Miss K undoubtedly felt. She wasn't privy to the background discussions between HLAM and her new provider. So she would have needed to chase both parties on a regular basis to understand why the transfer was taking so much longer than the estimate she'd been given. That does lead me to conclude that HLAM might have been a little more proactive in ensuring that Miss K was kept up to date with the reasons for the delay, and given revised completion estimates at appropriate times.

But as I said earlier, much of the delay was outside of HLAM's control. So when considering the trouble and upset the delays caused to Miss K, I think that HLAM's responsibility was somewhat limited. So I think the payment that HLAM has already paid to Miss K of £250 is a fair reflection of the compensation that would be reasonable in those circumstances.

So overall I don't think HLAM was responsible for any significant delays in the transfer of Miss K's pension savings to a new provider. And in terms of the responsibility it should bear, I think the compensation it paid to Miss K was fair and reasonable. I haven't seen anything to make me think that Miss K suffered any direct investment losses as a result of the time it took for her pension savings to be moved to the new provider.

My final decision

For the reasons given above, I don't uphold the complaint or make any award against Hargreaves Lansdown Asset Management Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss K to accept or reject my decision before 9 April 2021.

Paul Reilly
Ombudsman