

The complaint

Ms F complains about the transfer of her Junior ISA and then Stocks and Shares ISA, from a third-party business, referred to as “the transferor” to Hargreaves Lansdown Asset Management Limited, referred to as “HL” or “the business”.

Ms F is represented by her grandfather Mr H. In short, he says the delays were primarily caused by HL, its staff shortages during the Covid-19 pandemic and service-related administrative errors.

What happened

In early December 2022, I issued my provisional decision, a copy of which is stated below and forms part of my final decision. In the decision I said:

“...subject to any further submissions, provisionally I’m minded to uphold this complaint.

On the face of the evidence, and on balance, despite what the parties say, I think HL (as the transferee) should pay Ms F £250 compensation – for the minor delays, helpdesk (service/administrative) issues and the trouble and upset caused – which I believe is broadly fair and reasonable in the circumstances.

Notwithstanding the £150 compensation offered, and the fact that Ms F was being assisted by Mr H, I’m recommending a slightly higher compensation amount because I think the distress and inconvenience caused is likely to have been greater given Ms F’s age and circumstances, which I don’t believe have been fully considered.

The above notwithstanding, and despite what Mr H says, on balance I’m unable to safely say that HL is responsible for the losses claimed.

Before I explain further why this is the case, I think it’s important for me to note I very much recognise Ms F (and Mr H’s) strength of feeling about this matter. Mr H and the business have provided detailed submissions in respect of the complaint, which I’ve read and considered carefully. However, I hope Ms F won’t take the fact my findings focus on what I consider to be the central issues, and not in as much detail, as a discourtesy.

The purpose of my decision isn’t to address every single point or question raised under a separate subject heading, it’s not what I’m required to do in order to reach a decision in this case. I appreciate this can be frustrating, but it doesn’t mean I’m not considering the pertinent points.

My role is to consider the evidence presented by Mr H and the business and reach what I think is an independent, fair, and reasonable decision based on the facts of the case, rather than take any side. Despite what Mr H says, this service is not a ‘consumer champion’ and we’re not here to consider only the interests of the consumer. It’s also not for us to ‘punish’ a financial business for any wrongdoing, that’s the role of the FCA.

I appreciate that there are additional issues raised by Mr H relating to himself and other (potential) complainants, that is (purportedly) being dealt with by HL separately – but it doesn't form a part of this complaint. So, despite what Mr H says about him liaising with HL directly, I'm unable to deal with his other issues. In this decision, I'm only considering the actions of HL in respect of Ms F's complaint.

I appreciate the investigator believes that the transferor (in the main) is responsible for the delay. I'm also conscious that Mr H probably wants to know which of the two businesses is to blame, although he's convinced it's HL. But further to my comments above, in this case I'm only considering the actions of HL.

In this instance, two independent parties were involved in the transfer process. One business isn't responsible for the actions of another, therefore I can't say that HL is responsible for the transferor's actions, for example if it didn't respond when it said it would, or didn't make clear what additional checks may need to be carried out and in what format. On the face of the evidence, and on balance, despite what Mr H says, I'm persuaded that HL is only responsible for minor delays in addition to the shortcomings HL already accepts.

On 21 August 2020, HL received the transfer application form (dated 15 August 2020) which it processed and sent to the transferor. The transferor received the form on 4 September 2020.

I understand that matters couldn't initially progress because the form wasn't signed, and the reference number didn't match – I'm minded to think that HL, as transferee, probably ought to have checked the form, to ensure that it was at least signed (and probably correctly referenced if possible) – whilst processing it – before sending it to the transferor. I think HL would've known, or ought reasonably to have known, that an unsigned form was unlikely to be progressed by the transferor.

The above notwithstanding, I'm aware that matters probably couldn't progress much further in any case, because Ms F's contact address and DOB didn't match the transferor's. However, the missing signature (and probably the incorrect reference number) would've been two less issues to sort out in any case.

I note HL says that after checking its records for the address, it found this was different to what was provided on the form, so it's not at fault, but on balance I think it probably could've checked the details sooner, probably when processing the form.

In any case, I note Mr H says that Ms F's address was (subsequently) changed when she turned 18 – and that the business was in due course notified. I note some matters were resolved – HL received the correct reference number and home address by 27 October 2020 – but unfortunately not the correct DOB, which still meant that matters couldn't progress.

I note HL wrote to Ms F on five occasions, between late September 2020 and late November 2020 without success. I'm broadly satisfied that HL, in relation to the incorrect DOB, took a proactive approach in trying to resolve this issue.

However, I also note that Mr H on behalf of Ms F called HL on numerous occasions but was unable to get through. This was probably down to a number of reasons, including the global pandemic and that the business (like a lot of financial businesses at the time) had a limited workforce that was operating from home.

I'm broadly satisfied that HL made reasonably clear its predicament and that it wasn't operating as it normally would, and inevitably this would have an impact on its ability to promptly answer all customer calls. Whether or not this was a problem created by HL's "lack

of planning to cope with a huge surge in parents and their children having to switch out of the original trust fund on reaching the age of 18”, as suggested by Mr H, I don’t think this situation generally justifies not dealing with Ms F’s queries, or not doing so within a timely manner.

I note HL accepts that there was some helpdesk (service related) issues, and lack of response to some enquiries. I’m also aware of the number of calls made both by Ms F (and Mr H) and the waiting times they endured, and the success rate of getting through was far from ideal. I can see why Ms F (and Mr H) probably think that they would’ve resolved any outstanding issues with HL if they’d been able to get through and dealt with better.

I note on 3 November 2021, HL also notified Mrs F that once Ms F turned 18, the junior ISA would convert to a stocks and shares account and that Ms F will have control of her account, and any security credentials set up will no longer work. HL also made clear that if it didn’t hear back from Mrs F (or Ms F) the account would still have its ISA wrapper and be shielded from tax – however, it still needed Ms F to provide documents verifying her name and address under AML regulations.

I note that by 12 November 2020, HL received a valuation from the transferor, which it processed in due course, and sent back the acceptance via recorded delivery, on the assumption that there weren’t any outstanding issues.

It’s not entirely clear upon what basis HL made that assumption – receiving the valuation probably doesn’t of itself mean matters had been resolved. Given the history of the case, I think it would’ve been reasonable and diligent for HL to confirm/check that the DOB wasn’t still an issue.

On the 17 November 2020, I note the Junior ISA was converted to a stocks and shares ISA, bringing into play the additional documents that HL said it would need. As the DOB issue still hadn’t been resolved, the transferor duly rejected the request on 2 December 2020. I’m aware that the form had (probably) been filled about by Mr H which wasn’t helping matters.

On 14 January 2021, the transferor received the new transfer application form but was unable to accept it, as Ms F had turned 18. I also note that thereafter the wrong form was filled out and returned to HL by Mr H/Ms F – the correct form was subsequently supplied on 2 February 2021 which it received back on 23/25 February 2021.

I note that HL couldn’t verify Ms F’s identification online – because of her age – so requested documents in the post. I note it received the verification documents on 30 March 2021 – namely the matured child trust fund form and passport (from list A) – but it couldn’t accept her bank statements (from list B) as these were copies of her online statements. Despite what Mr H says, this isn’t something I can blame HL for. In a letter dated 12 April 2021 HL asked for the list B documents, but on 29 April 2021 it unfortunately received back a copy of the same document(s).

I’m not seeking to blame Ms F or Mr H, who did what they thought would satisfy HL’s criteria, even though it didn’t – that’s not the point of my decision. I also make clear that businesses are entitled to request these documents in line with AML requirements and that’s not something I can blame the business for.

I note that in response to receiving the wrong documents, and in an effort to move things along, on 12 May 2021 HL recommended “Hooyu” as an alternative to Ms F providing the necessary documents in the post. I note it followed Ms F up with a voice message on 14 May 2021 effectively urging her to use this.

But in the circumstances, and on balance, I think HL probably could've offered this service sooner, on 12 April 2021 or at latest 29 April 2021, rather than waiting till May to suggest this, in an effort to keep things moving. I'm conscious that by this stage it was roughly nine months since the request was first made.

I also note that previously in March 2021, HL (incorrectly) said that it would provide a pin number to the account but subsequently told Ms F that it couldn't, as the security checks/AML documents were still outstanding. Whilst I don't think HL was wrong to refuse the pin number at that point, I think leading Ms F to think that she'd have access to her account (when she wouldn't) was likely to have caused her distress and inconvenience in the circumstances.

I note that subsequently the outstanding AML documents were processed, and the transfer authority was sent to the transferor. Ms F was also provided with the pin number on 5 June 2021, roughly four months after HL had erroneously told her she could have it.

On 8 June 2021, the transferor confirmed an address mismatch, so couldn't once again process the request. It seems HL notified Ms F soon after and did so again in a letter dated 16 June 2021. On 18 June 2021, Ms F confirmed that her address had been updated with the transferor and requested HL to re-submit the form which it duly did on 22 June 2021.

In a letter dated 1 July 2021, the transferor said that it was conducting AML checks of its own and had written to Ms F for the documents. In response to a call from Ms F/Mr H on or around 23 August 2021, HL chased the transferor again. It transpired that the transferor couldn't accept photocopies of Ms F's passport and documents and required a certified copy, which was beyond the control of HL. On 27 September 2021, the funds were eventually received - around 13 months after the request was initially made.

The above notwithstanding, on the face of the evidence, and on balance, despite what Mr H says, I'm not persuaded that HL is responsible for the financial loss claimed, I do so for the same reasons set out by the investigator.

I'm conscious that this was an in-specie transfer request – so Ms F's funds remained invested throughout this period. Ms F (and/or Mr H/Mrs F) had the opportunity to sell the holdings and reinvest in new stocks at any point during this period if that's what she/they wanted to do. I'm mindful that Ms F had an 'execution-only' account with the transferor, therefore the decision to buy/sell shares was with her and/or her guardians, until she was of age and could legally make her own decisions.

Any change in the value of her investment/or shares during this period isn't something I can blame HL for. That's primarily down to changes in the financial markets, and not something that HL could predict or control. I'm also aware that no guarantees were given as to what she might receive. Given the reasons above, I also don't think HL is responsible for the change in value Mr H now says Ms F would've invested in.

Whilst I don't doubt that Mr H has suffered significant distress and inconvenience dealing with this case on behalf of Ms F, I should make clear that under the rules governing our service, Mr H (as representative) isn't entitled to any compensation for distress and inconvenience. I'm aware Mr H might think that he is eligible to receive compensation but that's not something I can ask the business to do.

I can only tell a business to pay compensation for trouble and upset experienced by its customer, not by a third party. So, Ms F would be entitled to compensation but not Mr H. If HL decide to pay Mr H any money – for his efforts to help his granddaughter – that's a matter for the business.

I note in a recent piece of correspondence, Mr H mentioned that in total '470' calls were made, 74 of those took over an hour to obtain an answer, the rest took between 27 minutes and 38 minutes to obtain an answer – after which point they just stopped keeping a record. I'm not suggesting that Ms F made all these calls – she's been fortunate enough to have her grandfather assisting her. Nevertheless, I'm aware that she did herself make numerous calls and liaised with the business during a very important and critical stage of her life – during her A-levels – in preparation for university. I note Mr H says she spoke to around 22 people. In short, not being able to get through, or have queries unanswered/dealt with were likely to have had an impact on Ms F.

For the reasons set out above, on the face of the evidence, and on balance, despite what the parties say, I think HL should pay Ms F £250 compensation for the minor delays, help desk (service related) issues, and the distress and inconvenience caused, less any money already paid.

I appreciate Ms F will be thoroughly unhappy that I've reached a different conclusion to the investigator, but I still haven't given her what she wants. Whilst I appreciate their frustration, I'm not going to ask the business to do anything further.

I'm satisfied that £250 compensation is broadly fair and reasonable in the circumstances. On the face of the available evidence, and on balance, provisionally I'm unable to give Ms F what she wants, other than the redress above."

I gave the parties an opportunity to respond to my provisional decision and provide any further submissions they wished me to consider before I considered my final decision.

HL hasn't responded to my provisional decision.

Mr H responded but didn't agree with my provisional decision. He said:

"The ombudsman seems to forgive some part of Hargreave Landsdown failures to the national plague (pandemic) which afflicted all organisations.

This not the case with Hargreaves Landsdown. Their mis behaviour commenced many months before and caused many persons enormous anger and waste of time because Hargreaves Landsdown FAILED to make any provision for the inevitable surge of parents wanting to transfer the funds that the socialist government contributed to and instigated and had to be transferred at the child's age of eighteen to a jnr. ISA.

They simply completely neglected to have enough staff or plans to cope with the volume of work. The number of government under eighteen year old children was open knowledge. For the UKs largest stockbroker to behave in this way is quite unforgettable. The work load due to this basic error coincides with childrens A level studies. All this was described by (the transferor) Hargreaves being in a chaotic state."

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.

Having done so, notwithstanding the latest submissions from Mr H, my decision to uphold this complaint remains the same, principally for the same reasons as set out in my provisional decision.

In other words, despite being given time to respond to my provisional decision, I'm satisfied that no new material points have been made that persuade me I should change my decision.

In this instance, and on balance, I'm still satisfied that the key points remain the same, and have been considered by me, in my detailed and comprehensive provisional decision. So, I don't intend to re-address issues that have already been dealt with.

On the face of the evidence, and on balance, despite what the parties say, I still think the complaint should be upheld and I think HL (as the transferee) should pay Ms F £250 compensation – for the minor delays, helpdesk (service/administrative) issues and the trouble and upset caused – which I believe is broadly fair and reasonable in the circumstances.

Notwithstanding the £150 compensation offered, and the fact that Ms F was being assisted by Mr H, I'm recommending a slightly higher compensation amount because I think the distress and inconvenience caused is likely to have been greater given Ms F's age and circumstances, which I don't believe have been fully considered. Despite what Mr H suggests, I'm not seeking to excuse the business's behaviour because of the pandemic.

The above notwithstanding, and despite what Mr H says, on balance I'm still unable to safely say that HL is responsible for the losses claimed.

Putting things right

Hargreaves Lansdown Asset Management Limited should pay Ms F £250 compensation.

My final decision

For the reasons set out above, and in my provisional decision, I uphold this complaint.

Hargreaves Lansdown Asset Management Limited should pay Ms F redress as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms F to accept or reject my decision before 2 February 2023.

Dara Islam
Ombudsman