

The complaint

Mr G complains that Hargreaves Lansdown Asset Management Limited (HLAM) delayed the transfer of his ISA and SIPP which resulted in him losing out.

What happened

Mr G held a stocks and shares ISA and SIPP with HLAM. He was transferring these to another provider. A request to transfer was made in March 2021. On 11 March HLAM told Mr G it had received the request about his holdings and confirmed how the transfer process would work.

On 8 April 2021, Mr G asked HLAM when his cash balance would be transferred as it was out of the market and he wanted to reinvest it. HLAM responded on 22 April to say that it would be transferred after all the holdings had been transferred but it could be actioned as a priority. Mr G replied the same day to ask for this to happen. Mr G then chased around five times and received a response on 19 May to apologise for delay and was told the cash transfer had been actioned. It arrived in Mr G's account on 20 May 2021.

Mr G complained. He explained that he'd missed a surge in the market and has lost out as a result of his cash being held with HLAM. HLAM apologised for the delay and paid him £150 compensation. It later said that it would give him the difference between the investments he made with that cash on 20 May, and what those investments would've been worth had he purchased them on 26 April. It also offered simple interest of 8% on the remaining cash that hadn't been invested from 26 April to 20 May.

Our Investigator felt that the method of redress HLAM had offered was reasonable but didn't agree with the dates it used. Our investigator said that Mr G had asked on 8 April about his cash balance, and it took HLAM too long to respond. He said had HLAM responded in a reasonable time – five working days – Mr G would've requested the cash balance to be transferred earlier. So, he asked HLAM to use the date of 19 April as a start date to when Mr G would've received his cash balance. This worked out to allow five working days to respond and then the next working day to receive the funds. HLAM agreed.

Mr G disagreed. He explained that looking at his actual investment activity wasn't fair because he'd missed the surge in the markets and so his strategy had changed. He feels he lost out more than HLAM was offering financially so asked for an Ombudsman to review the complaint.

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.

Did HLAM make an error?

I've had a look at whether HLAM should've transferred Mr G's cash balance earlier. I can see that on 11 March 2021 HLAM told Mr G how the transfer would work. It said to him that

any cash balance would be transferred after all the stock holdings had transferred. It also told him to make contact if he wanted the cash balance transferred earlier.

I can see Mr G asked HLAM on 8 April when his cash would be transferred, and he indicated that he wanted to reinvest the cash as soon as possible. HLAM didn't respond to this email until 22 April which I think is too long. Mr G responded on 22 April to say he wanted his cash balance transferred immediately and then chased this five times until HLAM responded almost a month later to say this had now been actioned. Mr G received his cash balance on 20 May 2021, so I'm satisfied there was a delay, as well as poor customer service here.

I agree with our Investigator that if HLAM responded in a reasonable time frame, Mr G would've received his cash to reinvest on 19 April 2021. This date allows five working days for HLAM to have responded to Mr G's email of 8 April, and then process the transfer and for Mr G to receive it.

Is the method of redress fair?

Following our Investigator's view, HLAM has agreed to do the following to put Mr G back in the position he'd have been in had the delay not happened:

- Compare the units Mr G bought (around £11,000 worth) on 20 May 2021 with what he could've bought for the same amount on 19 April 2021. Calculate the difference of those missing units and pay this by way of a restitution payment into his ISA.
- Pay 8% simple interest on the remaining cash balance (around £65,404) from 19 April 2021 to 20 May 2021 when he received the cash into his account.

I consider this to be fair redress in the circumstances and I'll explain why. Mr G has said he missed a surge in the market, and by the time he'd received his cash balance his investment strategy had changed. I don't doubt this, it's clear Mr G regularly looks at his investments and trades accordingly. But this also means it's impossible to know, without the benefit of hindsight, what Mr G would've done if he'd received the cash on 19 April 2021. It's simply too speculative, particularly as when he received the funds, he only invested around £11,000 of it.

I think that HLAM using the actual investments he made is reasonable. Whilst Mr G's strategy may have changed, he did decide to purchase units in nine different stocks. So, I think it's fair for HLAM to look at what he purchased and work out if he'd have been able to purchase more units for his money on 19 April 2021. I can see that he'd have been able to purchase additional units in some stock and less in others. So, HLAM calculated the monetary loss overall here and has offered to pay Mr G this loss as a restitution payment into his ISA to ensure it doesn't affect his ISA allowance. I think this is fair and reasonable.

For the remainder of the cash balance, over £65,000, it's too speculative to know what Mr G would've done had he received it earlier. We don't know how much would've been invested or where it would've been invested. So, HLAM has offered to pay 8% simple interest on this amount between 19 April 2021 and 20 May 2021 to represent the fact Mr G was, to some extent, deprived of his funds. This is fair redress as it applies an interest rate that is in line with our approach for when consumers are deprived of their funds. I have noted that HLAM told Mr G he could continue to trade before the transfer had completed, but I also understand that Mr G was keen not to delay the transfer any further so I can see why he chose not to. In the absence of knowing exactly what Mr G would've done, I think the redress offered is fair and reasonable.

Trouble and Upset

It's clear that HLAM's communication to Mr G was poor. He sent many emails that weren't responded to and this would've caused frustration, particularly as Mr G was keen to trade. I can see HLAM has already paid Mr G £150 for the distress its errors caused him and I think this is fair and reasonable for the impact here. Whilst there was a delay, the financial loss is being redressed separately, and I think £150 reflects the impact of the frustrations Mr G experienced.

Putting things right

To put things right, Hargreaves Lansdown Asset Management Limited must do the following:

- Compare the units Mr G bought (around £11,000 worth) on 20 May 2021 with what he could've bought for the same amount on 19 April 2021. Calculate the difference and pay this by way of a restitution payment into his ISA.
- Pay 8% simple interest on the remaining cash balance (around £65,404) from 19 April 2021 to 20 May 2021 when he received the cash into his account. Pay this by way of a restitution payment into his ISA.

My final decision

I uphold this complaint. Hargreaves Lansdown Asset Management Limited must follow the instructions I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 12 May 2022.

Charlotte Wilson
Ombudsman