

The complaint

Mr B complains that Hargreaves Lansdown Asset Management Limited ('HLAM') failed to notify him about its decision to suspend further purchases of an Exchange Traded Fund ('ETF') that he was invested in.

What happened

Mr B had a Self Invested Personal Pension ('SIPP') with HLAM. Between January 2020 and March 2020 he placed multiple purchase orders via his account. In total he purchased 700 ETF's in a business I'll refer to as 'G'. His final order was placed on 13 March 2020.

In June 2020 Mr B contacted HLAM with the intention to purchase a further 1,300 ETF's and was informed that it no longer dealt this stock. HLAM told Mr B that whilst he could sell the ETF's, he couldn't buy any more to hold in his account.

Mr B complained in March 2021 and was also unhappy that HLAM had suspended its share certificate withdrawal service.

HLAM apologised for failing to notify Mr B of the changes but didn't uphold his complaint. It explained that on 27 March 2020 it made a business decision not to offer these particular ETF's. HLAM said taking this business decision, was done in line with its terms and conditions but it acknowledged the notice it sent out to other customers wasn't sent to Mr B.

It said Mr B could still sell the shares he had but he could no longer buy the particular ETF's because it would not be offered through its platform. HLAM did recognise it should've sent Mr B a notice about the change and so offered him £150 compensation. It also explained why the share certificate service had been suspended.

Mr B remained unhappy and referred his complaint to this service. He confirmed that the issue surrounding the share certificate service had been resolved but he still wanted us to look at the issue around HLAM's decision to withdraw the buying of the ETF's in G.

Our investigator looked into his concerns. He thought the offer of £150 by HLAM was fair and he didn't think it needed to do anything further.

Mr B didn't agree. In summary he said there was no warning from HLAM about this change and a notice of withdrawal would've given him a chance to buy more at a lower price than his existing holding. He also said the terms and conditions are misleading because the ability to deal the ETF's in G was inevitably retrospective.

So, the matter has been passed to me for a decision.

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.

I'm aware this decision comes at a difficult time for Mr B. Having considered everything, whilst I know this will be a disappointing outcome for him, I've reached the same conclusions as the investigator for broadly the same reasons. I'll explain why.

I've thought about whether HLAM was entitled to change its services to no longer offer particular purchase orders on its platform. Having reviewed the terms and conditions of Mr B's account, it states in section A11:

'If we do not consider continued dealing in such investments to be appropriate for you, we will warn you of this. You may continue to hold such investments, and you may sell them at any time, but we will not make further purchases on your behalf and we will not be liable for you continuing to hold the investments'.

I think these terms make it reasonably clear that HLAM are entitled to remove the purchase of certain investments where it considers appropriate. So, I do think it has acted in line with its terms and conditions. But I do note the terms say HLAM will warn its customers of such changes which, in Mr B's case, it did not. HLAM explained it's likely Mr B didn't receive notification of the change due to high business volumes.

HLAM has confirmed that it usually informs its customers on the day of, or, shortly after it'd suspend purchase orders. This means any notification to Mr B would've been received after his purchase of the ETF's. Given Mr G's last purchase order was 13 March and the decision was taken on 27 March, I don't think HLAM has caused Mr B any financial loss as the notification would not have been sent to him prior to his decision to purchase the shares.

A business is entitled, in the reasonable exercise of its legitimate commercial judgement, to run its business in the way it sees fit. HLAM has said it made a business decision to remove such purchase orders because one of its main counterparties declined to trade these particular ETF's. And because of this it had fewer market makers, so less traders willing to buy and sell these shares – this would affect the liquidity of the shares. Therefore, HLAM decided to suspend all future purchase orders in these particular ETF's.

HLAM also said, if additional counterparties took the decision to stop trading these particular ETF's in the future - this would leave its customers in a position where they hold particular shares on its platform that could be difficult to sell.

This service does not normally interfere with a business's legitimate commercial decision and given HLAM's reasons for taking this decision, I think it has provided Mr B with a reasonable explanation as to why it has done so. It should be borne in mind that Mr B is still free to sell his ETF's. So, I don't think he has lost out financially as a result of anything done by HLAM.

I do, however, think HLAM could have provided Mr B with notice of its decision as this seems to have come as a surprise to him months after the decision was taken. This would've helped Mr B understand the decision without having to find out much later than other customers. But overall, I think £150 is sufficient compensation for HLAM's poor communication and customer service so I won't be asking it to do anything further.

My final decision

Hargreaves Lansdown Asset Management Limited has already made an offer to pay £150 to settle the complaint and I think this offer is fair in all the circumstances.

My final decision is that I require Hargreaves Lansdown Asset Management Limited to pay Mr B £150 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 9 June 2022.

Rajvinder Pnaiser
Ombudsman