

The complaint

Mr B's complaint against Hargreaves Lansdown Asset Management Limited ("HL") is that he lost money because of problems he experienced when trying to sell some shares.

What happened

Mr B holds an execution only trading account with HL. Early on 6 April 2021, having started the day with a zero cash balance on his account, Mr B attempted to sell his shares in a company ("company A"). The shares were worth approximately £169.

Due to an error with HL's system, the sale was copied a further four times leaving Mr B's account with a credit balance of over £800. Using almost all that credit Mr B bought shares in another company ("company B") which he sold a short time later, using the proceeds to buy shares in a third company ("company C"). That left Mr B with a cash balance close to zero.

Later the same day HL realised a mistake had been made and reversed the trades that had been copied. That left Mr B with a deficit of over £600 on his account. To put his account back in credit Mr B sold the shares in company C on 7 April.

When Mr B saw the negative balance, he complained to HL that money had been taken from his account and he had missed the opportunity to make other investments. HL apologised to Mr B that the problem with their system had caused duplicate trades to be recorded on his account. They said they had restored his account to the position it would have been in had the duplicate trades not taken place. HL said they weren't liable for any investment loss because of trades Mr B was unable to place while trying to resolve the issue.

Mr B was unhappy with HL's response and brought his complaint to the ombudsman service. Our investigator thought Mr B should have been aware that the credit balance of over £800 was the result of an error and not an accurate reflection of the activity on his account. He said it was reasonable for HL to have reversed the trades that had been copied in error. Once they had done so, Mr B decided to sell his shares in company C to bring his account back into credit. Our investigator thought that, although Mr B could have brought himself back into credit with a cash deposit, HL should compensate Mr B for the loss of £68.92 at which he had sold those shares.

HL accepted they should compensate Mr B for the losses he suffered in the trades he made following their system error. They offered to pay a total of £93.04 – the losses on the shares in company C recommended by our investigator, plus losses of £24.12 on the shares in company B.

Mr B did not accept our investigator's findings, or the offer made by HL, and has asked for an ombudsman to make a final 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.

HL have accepted that there was an error with their system and have apologised to Mr B for that. In situations where a business has made a mistake, our approach is to put the consumer as close to the position they would now be in if nothing had gone wrong.

The systems error caused Mr B's sale of shares in company A to be copied four additional times. That left his account with a balance of over £800 rather than approximately £169.

I think Mr B would most likely have been aware that some kind of mistake had been made before he bought the shares in company B and then company C. His account had a zero balance at the start of the day (6 April), and I think he would have known approximately how much the shares in company A would sell for. So, I think he ought to have realised that something had gone wrong when he saw a balance of over £800 showing on his account and before he used that balance to buy shares in other companies.

Once HL became aware that an error had been made, they promptly deducted the funds that had been incorrectly credited to Mr B's account earlier the same day. Although that left the account with a negative balance, I think it was fair and reasonable for HL to do so.

Mr B says he lost out on the opportunity to make other trades because his account was in deficit. But, as I've already noted, Mr B had gone ahead and bought other shares even though he ought to have realised that the balance showing on his account was inaccurate. And I've not seen enough evidence to say Mr B lost out because of any missed opportunity to trade.

Once Mr B's account was in deficit, I think it was his responsibility to decide how to put it back in credit. And on 7 April he decided to sell the shares in company C that he had bought the previous day. As I don't think Mr B would have made the trades in company B and company C if it wasn't for HL's systems error, I think it would be fair and reasonable for HL to compensate Mr B for the total losses of £93.04 he incurred on those trades.

I know Mr B feels strongly about what happened and appreciate this will be a disappointing decision for him, but I won't be asking HL to do anything more than pay the compensation they have now offered.

My final decision

For the reasons I've explained, my final decision is that I uphold in part Mr B's complaint against Hargreaves Lansdown Asset Management Limited.

To compensate Mr B fairly, HL should pay him £93.04.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 26 July 2022.

Matthew Young
Ombudsman