

## **The complaint**

Mr R complains about the administration of his child's Junior Individual Savings Account (JISA) by Hargreaves Lansdown Asset Management Limited. He complains that following a transfer request Hargreaves didn't inform him that the transfer had been unsuccessful, and the money had been returned.

Mr R says as he was unable to locate, or access this money, he was unable to invest it on his child's behalf. Mr R also says that when he contacted Hargreaves in January 2021 to try to find out what had happened, he was informed the money hadn't been applied to his child's account.

## **What happened**

On 21 September 2020 a third-party provider sent a request asking Hargreaves to transfer the JISA. This request was received by Hargreaves on 25 September 2020.

On 9 October 2020 Hargreaves sent a message to Mr R indicating it had received the transfer request.

On 13 October 2020 Hargreaves sent the cash to the nominated account.

On 19 October 2020 the payment was returned by the new provider.

On 30 October 2020 Hargreaves re-sent the funds.

On 3 November 2020 a message was sent to Mr R informing him that the money had been transferred.

At around the same time Hargreaves sent an investment report to Mr R which showed the account transactions up to and including, 30 October 2020. It showed the money had been sent for a second time and showed a nil balance indicating it was no longer with Hargreaves.

On 4 November 2020 the payment was returned by the new provider for the second time.

On 10 November 2020 the monies were applied to the Hargreaves JISA.

On 29 January 2021 Mr R contacted Hargreaves by phone to ask what had happened to the money in his child's JISA. The representative explained the money had been returned to Hargreaves in November 2020. He also said it would reactivate the account so that Mr R could access the details online.

During that conversation Mr R complained to Hargreaves that it hadn't informed him that the money had been returned. He said Hargreaves had held onto his child's money without informing him of its whereabouts. Mr R said he had been unable to invest the money and it could have achieved a twelve percent return if it had been invested in a FTSE tracker fund.

In February 2021 an investment report was sent to Mr R which showed the account

transactions up to and including 31 January 2021, it showed the money back in the account.

On 17 March 2021 Hargreaves issued its response to Mr R's complaint. It didn't uphold the complaint as it said the money had been returned on two occasions and it had issued investment reports which showed the transactions. But it apologised for not informing Mr R, at around the time the money was returned for a second time. It acknowledged that he hadn't been able to access the account online and it offered £50 as a gesture of goodwill. Mr R didn't agree and referred his complaint about his child's Junior ISA to our service. In June 2021 the money contained in the account was transferred to another provider.

Our investigator considered the complaint but didn't think it should be upheld.

He said as Mr R was a representative for his child, he wasn't entitled to compensation for the time taken to pursue the matter and any inconvenience caused. He noted however, that it was a matter for Hargreaves if it wished to pay any compensation directly to Mr R. The investigator said he could only look to see if there was any direct financial loss to his child's account.

He took into account the contents of the telephone conversation on 29 January 2021. He didn't think that the representative had told Mr R that Hargreaves had failed to allocate the funds back into the ISA.

The investigator said the representative made enquiries to find out what had happened. He confirmed to Mr R that payments had been returned and that Hargreaves had been chasing the new provider to find out why.

The investigator also noted that Hargreaves had confirmed it had used the payment details the new provider had given and said the new provider hadn't given a reason for returning the monies.

The investigator said the report that confirmed the second payment had been returned wasn't sent to Mr R until February 2021. So, he said Mr R didn't receive any correspondence informing him what had happened to the monies between November 2020 and 29 January 2021.

The investigator felt that Mr R could've contacted Hargreaves earlier, which he felt would have resulted in the position regarding the monies being confirmed sooner. But he said that even so, Hargreaves could've notified Mr R when the money was returned for the second time. However, for the reasons he had already set out, he didn't ask Hargreaves to award any further compensation, over and above the £50 already offered.

The investigator also considered whether there had been any financial loss due to the money not being invested during this period. He noted that Mr R has said his intention was to invest the funds in a FTSE tracker. But he took into account that this didn't happen once he was aware of the whereabouts of the monies, on 29 January 2021.

The investigator noted a transfer was completed to another provider in June 2021 but Mr R had confirmed he hadn't then invested in the FTSE tracker because the price had increased by that point. Overall, the investigator didn't feel there was sufficient evidence to show that Mr R would have invested in the FTSE tracker, if he had been informed by Hargreaves in November 2020, that the monies had been returned.

Mr R disagreed with the investigator's conclusions. In summary he said :

- He had never sought personal compensation for this matter, but his child wasn't old

enough to raise a complaint. He reiterated that it was his child that had lost out in this matter.

- Hargreaves hadn't sent him anything in writing between October 2020 and January 2021 that stated the funds had been returned and the new provider hadn't sent anything to inform him the funds had been returned.
- Mr R could only see on the account that the funds had left in October 2020 so there was no reason for him to think the money had been returned. He noted that his other child's money had been transferred.
- He said the investigator's conclusions were full of contradictions, as Mr R said the investigator agreed that Hargreaves had the money and didn't make it available on the online account.
- He only found that Hargreaves had the money due to a separate investigation into the complaint against the new provider.
- He had told the representative he couldn't believe that Hargreaves had the money for four months without informing him.
- Mr R pointed out he'd invested his own money in the same FTSE tracker in October 2020.

As no agreement could be reached the complaint was referred to me for review.

I issued a provisional decision where I upheld the complaint and said Hargreaves should pay Mr R £125 for the trouble and upset caused.

Both parties were given an opportunity to respond to the provisional decision with any further representations they may wish to make.

Both parties acknowledged receipt and accepted the provisional 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.

Having done so and noting that both parties have accepted my provisional decision and haven't made any further representations, my decision remains the same as set out in my provisional decision.

The following represents an extract from my provisional decision, and forms part of this final decision.

#### *What I've provisionally 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.*

*Mr R was looking to transfer his child's junior ISA to a new provider. He made a transfer request in September 2020 which was followed up by the new provider. Hargreaves received the request on 25 September 2020 and sent the money on 13 October 2020. In the meantime, as I understand it, Mr R decided to cancel the transfer request. So, the new provider returned the payment on 19 October 2020.*

*Hargreaves then re-sent the money. It says it did this in order to facilitate the transfer and so*

*as to not delay matters. Hargreaves also says there had been some contact with the new provider around that time, to try to find out why it had been returned but the new provider didn't provide it with any information.*

*There may be, for instance, a technical error which causes transfer money to be returned. So, I don't think the return of the money, of itself, necessarily meant the transfer had been cancelled. As Hargreaves hadn't received any confirmation that the transfer request was cancelled, it still had a valid request. So, I don't think it was unreasonable in the circumstances for it to proceed on the basis that it was still going ahead. And, as it hadn't been able to obtain any clarification from the new provider.*

*Hargreaves issued an investment report at the beginning of November 2020 which listed the transactions to the end of October 2020. This showed the first transfer being returned and then the second transfer being made and a nil balance. So, I consider that report would have given Mr R the impression that the money was with the new provider. I think that was also supported by the message he was sent by Hargreaves on 3 November 2020 indicating the transfer had been completed.*

*I don't think Mr R would've been aware that the money had been returned on 4 November 2020, until either the parties informed him that was the case, or it was shown somewhere on a statement or report provided to him.*

*Hargreaves has accepted it didn't directly inform Mr R that the money had been returned and it accepts that Mr R wasn't able to access this information online. The next investment report, which did show the money had been returned for a second time, wasn't issued until the beginning of February 2021.*

*I have carefully listened to the conversation Mr R had with a customer representative for Hargreaves in January 2021. And it appears from that conversation that the new provider had, at some point, informed Mr R that the money had been returned to Hargreaves in October 2021. Which was correct, although of course it had then been re-sent and returned a second time at the beginning of November 2020.*

*Mr R was understandably concerned that he was unsure of the whereabouts of his child's money from, it appears, some point in November until the end of January 2021. It was a few thousand pounds and so I can understand why he would've been upset to be unclear where that money was, with the fear that it had somehow gone missing in the transfer process.*

*Mr R has also expressed his frustration that as he was unaware of where the money was, or how to access it, he was also unable to invest it. And I will come to that issue, later on in this decision. However, in any event, I think that would've added to his concern.*

*I have also taken into account that there was another party involved, the new provider, who also could've informed Mr R that it had sent the money back a second time, or it could have contacted Hargreaves to find out what had happened. Although I have to bear in mind that that business is not part of this complaint.*

*And Mr R himself, could have contacted Hargreaves earlier on to try to ascertain where the money was. I do appreciate that these matters can be time consuming, and I also appreciate that Mr R has referred to a telephone conversation on 12 January 2021. Unfortunately, Hargreaves has been unable to locate that call in its records. But, in any event, I think Mr R could have contacted Hargreaves earlier.*

*Having said that, overall, I think Mr R was caused distress and inconvenience as a result of Hargreaves not informing him that the money had been returned a second time, given he*

was unable to access that information online.

*I think Mr R, as the parent of the account holder, had to access the service provided by Hargreaves, for his child when transferring the junior ISA, particularly taking into account the age of his child at the time. So, while I agree with the investigator that we wouldn't award compensation purely for the time taken to bring a complaint, unless it was particularly complex or time-consuming, I consider that we can award compensation for distress and inconvenience. I don't think Mr R is merely acting as a representative for his child, in these circumstances I think he is an eligible complainant in his own right.*

*I note that Mr R was concerned for about 2-3 months about what had happened to his child's money and he had to contact Hargreaves to find out what had happened. So, I think Hargreaves should pay Mr R £125 for the distress and inconvenience caused, as I consider that sum is fair and reasonable in the circumstances, for the reasons I have outlined.*

#### Investment loss

*Mr R said in the telephone conversation with a representative from Hargreaves on 29 January, that if he invested the money in a FTSE tracker when it was returned in October, it would have made a return of 12 percent over the relevant period. He said that had been his intention.*

*He also said in his complaint form to our service that he could have invested in the money in a FTSE tracker fund and that the return was about 20 percent over that period. So, Mr R's argument is that he has missed out on the opportunity to invest the money on behalf of his child and make a return.*

*However, I have to consider whether there is evidence to suggest it was more likely than not he would have invested his child's junior ISA in that FTSE tracker fund if he had been informed, at the beginning of November 2020, that the money had been returned.*

*I note the account was opened in May 2020 and only ever held in cash with no at-risk investment being made. In addition, I understand the original transfer to the new provider was to an interest-bearing account - not a risk-based product.*

*I also take into account that once Mr R did find out that the money was back with Hargreaves, at the end of January 2021, he didn't invest the money in a FTSE tracker fund and instead transferred it to another provider in June 2021.*

*So, while the investment in that FTSE tracker fund, over that particular period, may later have appeared to have been a good proposition, I do think there is an element of hindsight here. Because, equally the fund could've fallen in value at a later date and so if the money had remained in the fund for some time, overall, the return may have been lower, or even resulted in a loss. And, as I have said, it doesn't appear that any risk had previously been taken with this money.*

*Therefore, although I consider this is something that Mr R could have done, I am not persuaded that it is more likely than not, that he would have invested in that way if he had been informed earlier, namely in November 2020.*

*So, I don't think it would be fair and reasonable to award compensation on that basis.*

#### Was the money held in the account after it was returned for the second time?

*I note the representative informed Mr R in their conversation that his child's account would be "reactivated," which I think gave Mr R the impression that the account was closed, and*

*the money wasn't there.*

*However, I don't think the representative "reactivating" the account meant the money wasn't returned to it. The activation was to allow the balance of the account to be viewed online.*

*Hargreaves has explained that once an account is fully transferred out, it will close and deactivate it. This prevents the account holder from viewing their account online anymore, signifying that their transfer out is complete. Hargreaves acknowledges that when the money was returned on the second occasion it should have manually reactivated the account belonging to Mr's R child, so that Mr R could see that there was money in the account.*

*However, I am satisfied that despite not being able to view it online, the money was back in the account. It hadn't simply disappeared, as can be seen from the next investment report issued in February 2021.*

*As the account the money was being held in didn't pay any interest or provide any return, then I don't consider there has been any financial loss between the beginning of November when the money was returned for the second time and the end of January 2021, when Mr R was able to confirm its whereabouts.*

*It appears that Mr R had changed his mind about transferring the money to the new provider and until a decision was made about where the money was going to be transferred, and that transfer was actioned (as occurred later in June 2021) then I think it is more likely than not that it would've remained in that account making no return.*

### Summary

*I consider Hargreaves should pay Mr R £125 for the trouble and upset caused for not informing him that the money had been returned in November 2020. If the £50 previously offered as a gesture of goodwill has already been paid, then that sum should be deducted from the £125.*

### **Putting things right**

Hargreaves should pay Mr R £125 for the trouble and upset caused. If the £50 previously offered has already been paid then that sum should be deducted from the £125.

### **My final decision**

My final decision is that Hargreaves Lansdown Asset Management Limited should pay Mr R compensation for trouble and upset as I have outlined in this decision.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 20 October 2022.

Julia Chittenden  
**Ombudsman**