

The complaint

Mr F complains about the transfer of his holdings by Hargreaves Lansdown Asset Management Limited, referred to “HL” or “the business” to a third-party business referred to as “the transferee”.

What happened

In summary, according to the Investigator Mr F instructed the transferee to start transferring his holdings with HL. In due course it was apparent that not all the funds were acceptable and some required conversion. The transferee subsequently sent conversion instructions, but these were missed by HL resulting in a delay of about six weeks. This was an example of a longer delay.

HL upheld the complaint and apologised for the delay and poor service. It initially offered Mr F £250 compensation but subsequently increased the offer to £350 for the delay and poor service, which also included issues relating to accounting irregularities which he’d raised separately in due course. HL said this amount would be credited to his bank account, which I understand has been done in line with the offer – prior to the complaint being referred to us – via two payments.

Fundamentally, Mr F wants to know why the process took so long and which business was responsible for the delay. He says he’s been kept out of the market for months and was inconvenienced, messed around, and misled by the process. He doesn’t accept the redress paid is fair and reasonable.

One of our investigators considered the complaint but didn’t think it should be upheld. In summary, she said:

- A brief chronology of events is as follows:
 - 20 April 2021 – Mr F instructed the transferee to initiate the transfer process and HL was contacted shortly thereafter.
 - 26 April 2021 – HL sent over a valuation of Mr F’s holdings.
 - 26 May 2021 – the transferee sent acceptance, and a request, to convert some of the assets that couldn’t be transferred.
 - 2 June 2021 – Mr F requested his cash to be transferred as a priority.
 - 7 July 2021 – The transferee chased HL. HL also received acknowledgement to convert assets.
 - 19 July 2021 – HL sent an updated valuation including the assets which were converted.
 - 30 July 2021 – HL received the transferee’s acceptance with account details to transfer the cash and funds.
 - 2 August 2021 – HL acknowledged the acceptance and started the transfer.
 - 3 August 2021 – HL transferred the cash.
 - 4 August – HL confirmed that some assets were rejected due to incorrect re-registration details, it requested the correct details from the transferee.
 - Between 6 and 16 August 2021 – Majority of the holdings were transferred.
 - 17 August – HL received the correct re-registration details for the fund

- manager of “Blackrock”.
 - 31 August 2021 – The residual cash was transferred to the transferee.
 - 16 September 2021 – HL notified by the transferee that the L&G International Trust holding hadn’t transferred.
 - 29 September 2021 – the fund manager incorrectly said that it had completed the (relevant) transfer when it hadn’t. So, HL had to instruct it to complete the transfer (again).
 - 13 October 2021 – the last transfer was completed.
- Transfers can involve more than just the two businesses, such as fund managers and custodians. This was the case in this instance and should be considered when looking at delay.
- HL acknowledged that it was responsible for some of the delays. It sent the valuation on 26 April 2021 and received instructions from the transferee to convert the assets on 26 May 2021. HL actioned the conversion on 8 July 2021, some six weeks later.
- In the circumstances, £350 compensation for the delays is broadly fair and reasonable.
- Once the transferee sent its acceptance to the updated valuation, the transfer by HL was completed fairly soon.
- The above notwithstanding, HL accepts it made an error when converting the wrong share class, from C to R, on the L&G fund. The transferee was able to rectify this fairly soon thereafter so that further delays weren’t encountered.
- There were some others delays, but these were outside the control of the business. For example, the fund manager of the L&G European Index Trust fund incorrectly informed HL that the fund had transferred on 2 August 2021 – but the error wasn’t identified until the transferee chased HL in September 2021.
- HL confirmed that the client or the new provider can give conversion instructions, at or prior to, acceptance. The terms at “A36” – transferring your investment from the HL Service – makes this clear:
 - *If a conversion is required to transfer as stock the new provider will need to specifically request this and the conversion will be subject to our fund conversion policy (see section I for details). This may cause a delay for which we accept no liability. Please note that your ability to place trades in respect of the investments in your Account will be restricted once you have instructed us to commence the transfer process. You are not permitted to trade those investments online during that period.*
- The terms further state:
 - *“What happens during the transfer?
Stock – Transferring stock can take up to 6 weeks. Sometimes it can take longer as we’re reliant on your new provider and the managers of any funds you may hold.”*
- In the circumstances, she can’t ask HL to do anymore. Mr F will have agreed to the terms and conditions at the outset, which set out what the business aims to do and why it might not always be able to achieve this.
- Mr F chose not to trade on his account and wasn’t kept out of the market because this was an in-specie transfer.
- In the circumstances she won’t be asking the business to do anymore.

Mr F disagreed with the investigator’s view and asked for an ombudsman’s decision. There’s been much correspondence between Mr F, the business, and the investigator, but in summary, he made the following key points:

- Our service failed to investigate his complaint properly by which he means objectively and in an even-handed manner. The investigator effectively disagreed with all of his submissions.

- The first part of the decision is full of typographical and grammatical errors which suggests that it was written in a hurry, compared to the latter part, where she dedicated more time and attention to clarifying HL's position.
- The complaint is about the delayed transfer of his stocks and shares ISA which took 177 days to complete – 20 April to 13 October 2021 – not 167 days as suggested.
- According to the investigator, he played no role in the process other than to initiate the process. A better investigator would've grasped that but for his repeated interventions, the transfer would've taken longer as alluded to in his letter to the HL's chief executive officer (CEO) dated October 2021. By failing to consider his *"unwanted catalytic role"* the investigator has failed to address one of the most important elements of his complaint. Instead, she's been formulating reasons, not even raised by HL, to defend its position.
- Given the government declaration on ISA transfers, he thought the issue would be fairly straightforward to deal with - determining the time limit by when the ISA transfer should've completed, then how long it actually took, and what redress should be awarded as a result of the delays.
- The Individual Savings Account Regulations 1998 ("the ISA Regulations") set out the ISA transfer rules, but our online wording is somewhat confusing in terms of our reference to "business days" which the ISA Regulations don't refer to and reference to "working days". Also, the ISA Regulation states in terms that the transfer of a stocks and shares ISA "must not exceed" (30 calendar) days which isn't reflected by our working. In any event, the ISA Regulations are absolute and don't allow for any excuses for non-compliance, including fund conversion.
- The Government guidance the investigator refers to is the "Government declaration" which is a summary of the legal obligations – under the ISA Regulations – imposed on ISA managers.
- The technical desk concerns him and calls into question the impartiality of our service, in terms of what advice might've been given to HL or the transferee in this instance that he's not privy to.
- The investigator calculated backwards and scraped the barrel looking for reasons to justify the redress and that's why her conclusion is wrong.
- His chronology, as stated in his letter to HL's CEO, is divided into eight parts which makes clear the delay. There's no reference to his communication with the parties, and there are a number of errors in her chronology. For example:
 - Her chronology doesn't refer to any of his communications with HL or the transferee, save to say he gave unspecified instructions on 20 April 2021, and a request for his cash on 2 June 2021 but doesn't say to whom.
 - He first requested HL to transfer the cash in his ISA, less an amount to cover its fees before his stock transfer was completed in a secure message on 11 May 2021. HL didn't reply until 2 June 2021.
 - His ISA comprised of four asset classes – namely: ordinary shares; unit trusts; an investment trust; and exchange traded fund (ETF). The investigator's failure to recognise and distinguish between these investment types is sloppy or showed lack of understanding. He notes she refers to "shares" being converted rather than unit trusts being converted from one class to another.
 - She vaguely refers to majority of his holdings being transferred between 6 and 16 August but doesn't refer to which investments weren't transferred.
 - She refers to an unidentified fund held with Blackrock – he held eight, so this was unhelpful.
 - Unlike his chronology, it provides very few clues as to HL and the transferee's liability.
- In terms of timing:
 - It took seven days for HL to prepare its first asset list of 26 April 2021, and

- twelve days from 7 July 2021 to prepare a revised list of 19 July 2021.
 - The transferee took 31 days to respond to HL's first list and 11 days to respond to their revised list.
 - HL took 42 days (six weeks) to respond to the transferee's fund conversion request of 26 May 2021.
 - From 7 July 2021, HL took 12 days, to convert the required unit trust holdings with the exception of one fund (Lindsell Train Global Equity) which was converted later.
 - HL and the transferee took a total of 73 days from 2 August 2021 to complete the transfer and settlement of his ISA portfolio.
- The investigator's comments about the involvement of third parties in this process demonstrates that she has completely disregarded the Government declaration and Regulation 4(7) of the ISA Regulations.
- The investigator applied a "jobsworth" attitude to resolving the complaint. The fact that someone other than HL made an error or omission that might or might not have delayed the transfer didn't absolve HL from taking steps to absolve that error.
- Fund manager and custodians aren't free spirits, they respond to the businesses. Despite what the investigator says, she hasn't substantiated her accusation that each of the fund managers of his unit trust contributed to the delay.
- There's no factual basis for the assertion that a third party was responsible for the delays. HL explained that there were problems with the transfer of 11 of his unit trust holdings in 47 unit trusts at the time. In the investigator's rush to exculpate HL she's made false accusations.
- Despite what the investigator says about HL's problems with L&G's European Index Trust fund, its self-defeating since it doesn't show HL in a favourable light. The issue appears to be limited to one unit trust and not the others as suggested.
- The investigator hasn't taken into account HL accepting that it hasn't been more proactive in chasing the fund after receiving incorrect information. This lack of proactivity on the part of the business and the transferee isn't unique.
- The error that HL made in converting his holdings in L&G's International Index Trust fund into the wrong class was regrettable but appears to have no effect in itself on the time taken to transfer although it caused him some confusion. But it shows one party was able to make good an error by another party without standing on formality.
- The investigator hasn't been able to reference where her quote from the terms and conditions ("Term A36") came from, despite asking her to do so, which he finds unacceptable.
- The current terms sent to him, weren't the ones that were in force at the time. They? came into force from 6 April 2022.
- Despite the points raised by the investigator, the investigator's view is inconsistent with the business's concession that it made a mistake.
- HL didn't exclude their liability under the FCA rules, or their own negligence and its inconsistent with Regulation 4 of the ISA Regulations.
- In a letter dated March 2021, HL undertook to complete the transfer, within 30 days, upon receipt of instructions. Any such "carve out" referred to by the investigator (above) would be contrary to Regulation 4 of the ISA Regulations.
- Section A36 appears to be concerned with delays due to third parties.
- HL was negligent in failing to promptly, and diligently, act upon the transferee's request of 26 May 2021.
- The investigator doesn't mention which types of investments were transferred from HL to the transferee, the number of investments and their value.
- His ISA portfolio comprised four direct shareholdings, 47 unit trust holdings, one investment trust, and one ETF at the material time. The only complication so far as its transfer "in specie" was concerned was that of 20 of his unit trust holdings, required to be converted into different class, since the transferee wouldn't accept that

class.

- The transfer wasn't complex or difficult, neither party has said that it was, this makes the delays they were responsible for more difficult to justify. Neither say it would've been difficult to complete the transfer within this period.
- In this instance the 30-day transfer limit had already passed once the transferee responded to HL's asset list.
- The investigator simply doesn't say which business is responsible. She concedes that HL took six weeks to action the transferee's request – and inaccurately described as a single oversight.
- The transferee was responsible for not responding to HL's asset list until 26 May 2021, and HL were clearly responsible for taking until 19 July to make all but one fund conversion that the transferee had requested. It would appear that HL only commenced the conversion process on 8 July 2021, presumably as a result of his message the day before.
- HL said that it sent the transferee a revised asset list on 19 July 2021. However, the transferee doesn't appear to have noticed until a week or so later that HL hadn't converted his holding in one fund (Lindsell Train Global Equity Fund).
- Yet again, he had to intervene to progress matters. It wasn't until 30 July 2021 that the transferee issued its formal transfer request to HL which was apparently accepted on 2 August 2021. For some reason, the conversion of his holding in Lindsell Train's Global Equity Fund was still outstanding on 10 August 2021, for which HL has to take responsibility.
- The investigator has overlooked the fact that the transfer of his portfolio took from on or about 2 April to 13 October 2021 to complete. A reasonable person wouldn't think that this was reasonably quickly.
- Given the issues, he doesn't understand why HL and the transferee hadn't arranged for the transfer to be completed in two or more stages, leaving those investments that needed converting till later.
- HL said that the transferee is also responsible but didn't provide details.
- For various reasons, he doesn't think the redress is suitable.
- HL paid the sum to him, in two installments, without there being any other issue.
- The fairness can only be determined once the causes of the delay have been settled.
- The amount offered was based on HL's own calculations. But so far as the evidence shows that it's responsible for more than it takes responsibility for, the redress is unfair.
- By taking into account the additional £100 offered – which encompass accounting inadequacies – the investigator has miscalculated the redress. In any case the status of the two amounts is unclear, in that it's unclear if they're compensatory in nature or goodwill payments.
- It doesn't constitute an award because it hasn't been awarded by a court.
- In any case, it doesn't take into account the time spent by him dealing with this complaint.
- Despite what investigator says, he never said that he'd been kept out of the market for six months.
- He should be paid a higher amount of redress to bring the compensation to £350 just for the delays.
- Mr F made some case specific points and some general points – reiterating much of the key points. He then reiterated why he thought the investigator had many shortcomings that went beyond just inattention to detail. The result being the investigator has created a false narrative, resulting in an incorrect conclusion and redress.

As no agreement has been reached the matter has been passed to me for review.

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, I agree with the investigator's conclusion for much the same reasons. On balance, I'm not going to uphold this complaint.

Because the business upheld the complaint, the key issue for me to consider is redress and whether or not it's reasonable in the circumstances – I note the investigator took a similar approach in drafting her view and why she didn't go into detail about why HL was to blame.

I note Mr F doesn't agree with this approach, but I think it's a reasonable approach in the circumstances. Also, because this specific complaint is against HL, I won't be considering the transferee's liability, in my findings in this complaint. I don't think the investigator was wrong to take a similar approach.

Having considered the issue of redress, I'm not going to uphold this complaint, on the basis that the £350 compensation already paid – before the complaint was referred to our service – is broadly fair and reasonable.

I'm aware that in October 2021, Mr F was initially offered £250 compensation for the delays and poor service, but the offer was subsequently increased a month later to £350 and this, in addition to being payment for the delay and poor service, also encompassed payment for some accounting irregularities.

Whilst I appreciate that Mr F would like a single payment of £350 just in relation to the delays, I'm unable to say that the payment already made and referred to above is unreasonable. In other words, despite what Mr F says, in the circumstances I think the offer is broadly fair and reasonable and broadly covers the issues raised by him.

I dealt with Mr F's linked complaint against the transferee, which I've provisionally upheld, on the basis that I think an additional £100 – totalling £250 compensation for its part in the delays and the impact on Mr F – was broadly fair and reasonable. So, in the circumstances I'm mindful that Mr F will likely receive a combined total of £600 compensation for distress and inconvenience caused by the delays and poor service experienced during the transfer process. Although I make clear that this isn't my basis for rejecting this complaint.

Had the request been processed without issue, and all parties involved in the transfer fulfilled their roles in a timely and effective manner without error – which is uncommon – it's likely the transfer would've completed much sooner. But it's difficult to know (with any degree of certainty) by when, given that each party has its own role to play and sometimes things take longer to process (even though no party is at fault). It's after all a somewhat dynamic process.

Before I explain why this is the case, I think it's important for me to note I very much recognise Mr F's strength of feeling about this matter. He has provided detailed submissions to support the complaint, which I've read and considered carefully. However, I hope he 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.

I also can assure Mr F that I have reviewed all of the evidence on file. To that end, I've included a reasonably detailed chronology of the complaint in the 'what happened' section of this decision, including his latest submissions, which greatly exceeds the customary

background summary usually contained in a final decision. I also confirm that I have reviewed this file entirely independently.

The purpose of my decision isn't to address every single point raised under a separate subject heading, it's not what I'm required to do in order to reach a decision in this case. My role is to consider the evidence presented by Mr F, and the business, and reach what I think is an independent, fair, and reasonable decision based on the facts of the case. And as part of my inquisitorial role, I can also consider (other) issues that I think are relevant as well as not consider issues that I consider aren't relevant.

In deciding what's fair and reasonable, I must consider the relevant law, regulation, and best industry practice, but unlike a court or tribunal I'm not bound by this. It's for me to decide, based on the information I've been given, what's more likely than not to have happened.

On the face of the evidence, and on balance, I think the compensation offered by the business is broadly fair and reasonable for the following key reasons:

- The business quite rightly accepts that it caused delay and didn't provide a level of service that Mr F could expect, and most likely encompassed numerous issues raised by him. I note HL has sincerely apologised for this.
- I don't think it's necessary in this instance to go through each point, line by line, and as I explained above that's not what I'm required to do in order to reach a decision in this case.
- Notwithstanding Mr F's detailed and eloquent response, I'm not required to produce a response that mirrors his (19-page) response to the investigator's view.
- HL accepts that it didn't communicate with Mr F better, so as to keep him informed about what was happening. As a consequence, Mr F ended up chasing the business and I agree (with him) it's not something that he needed to have done – it would've been down to the respective parties to progress matters without further input from him.
- It's likely that had Mr F not intermittently intervened and pushed matters along, the transfer process probably would've taken longer. However, this doesn't of itself mean that Mr F is entitled to greater compensation, it's arguable that he has mitigated his loss by diligently acting as he did.
- Despite what Mr F says about the (delayed) transfer and loss, I'm mindful that the relevant investments were transferred in-specie, and those that couldn't be – through no fault of HL – were in due course converted and then transferred at a later date.
- In this instance, and on balance, I don't think there's any issue referring the different asset classes as investments – I'm aware that Mr F and the business are very familiar with the facts of this case.
- I note that the cash was transferred in due course, this usually happens when the other investments have been transferred in-specie. So, I don't think there's necessarily an issue with this.
- I note Mr F's dissatisfaction with the investigator's chronology, but it is only a general summary, and there's no obligation to detail Mr F's dealings with the business.
- Despite the delays for which the business accepts responsibility, I'm not persuaded that it's responsible for the delays alluded to by Mr F. A business is to some extent obliged to mitigate delays perpetrated by third parties, but only if it reasonably can. It can't be blamed for not making right errors by other businesses if it's incapable of doing so.
- In this instance I'm satisfied that Mr F remained invested in the markets, therefore is unlikely to have suffered the losses claimed. Despite any changes to the value of his investments, the business wouldn't be responsible because it can't predict or control the financial markets so isn't responsible for any issues suffered.

- On balance, I'm also satisfied that Mr F had the opportunity to trade if that's what he wanted to do. I appreciate trading over the phone probably isn't the same as trading online in the way he might've been used to, but it was nevertheless an opportunity to trade if he was keen to do so – on balance it would seem he wasn't.
- I'm not suggesting that by trading over the phone there might not have been an impact on the transfer process and timing, but the opportunity still meant that Mr F could trade if he was keen to do so.
- Notwithstanding Mr F's comments regarding the ISA Regulations, in my opinion a business can't reasonably be expected to complete a transfer within a set timeframe (as set by the rules) when there are third parties involved for which it has no responsibility and/or control.
- In this case I'm not considering whether a specific third-party was to blame for the delays, just that other parties were involved, and the business can't be held responsible for their actions.
- This doesn't of course mean that HL doesn't then have to take reasonable steps to continue to try and complete the transfer within a reasonable amount of time, and/or overcome any errors if it can. But the business can't be blamed for acting (or not acting because it didn't think it needed to) based on information provided by third party businesses – for example when it was told in August that a transfer had taken place, but it hadn't.
- Like Mr F, it seems HL (as the transferor) is also at the mercy of several parties including, the custodian, fund manager and transferee, which means through no fault of its own, it can't always achieve what it hopes to. Whether it's an issue with one unit trust or several this is likely to impact the business's ability to move things along.
- Many of the issues faced during the process probably couldn't have been identified and dealt with at the outset – such as which class of investment could be accepted, which are supported by the new platform and so on, because Mr F clearly wanted to transfer his entire portfolio as per his instructions. These things are more often than not dealt with as and when they arise and aren't the fault of the parties.
- I'm mindful that this case involved investments that had to be converted, and reclassified, because they weren't supported and therefore couldn't just be transferred without some change. That's not something I can blame HL for.
- Despite what Mr F says, my role isn't to make any legal determinations. Specific legal questions are to be determined by the courts. In this instance I'm only considering whether or not the redress paid is fair and reasonable and on balance I believe it is.
- Despite what Mr F says, I'm not persuaded that the section referred to by the investigator is at odds with the general guidance or regulation in respect of ISA transfers. HL is unlikely to have given any guarantees about how long the process would take when there are other parties involved, who can also make errors.
- HL quite rightly accepts that it failed to act on the transferee's request during the fund conversion and that it was an error on its part resulting in slowing the process down by at least six weeks. I appreciate this is only part of the delay, for which it is solely responsible, but it is a major delay that no doubt impacted the overall process.
- From experience, I'm aware that the general terms make reasonably clear the position with regards to timing, what HL aims to achieve and why it might not sometimes achieve this. For the reason set out above, this isn't at odds with the regulator/legal position.
- The delay for which HL accepts responsibility, and matters which were outside of its control, aside, I'm satisfied that it still took reasonable steps to move things along.
- On the face of the evidence, and on balance, despite what Mr F says, I think the £350 compensation offered by the business for the delay and poor service is broadly fair and reasonable in the circumstances. In other words, for a number of small errors over a reasonably short period of time the redress is reasonable. In this instance, it's not necessary for me to breakdown this figure – I'm aware that the issues relate to Mr

F's investments and are the subject of this complaint. Despite what Mr F says, in this instance, I don't agree that the investigator's conclusion in respect of this amount is unreasonable.

I appreciate Mr F will be thoroughly unhappy that I've reached the same conclusion as the investigator. Furthermore, I realise my decision isn't what he wants to hear.

Whilst I appreciate his frustration, I'm not persuaded to require the business to do anything having already him the £350 it offered.

In other words, on the face of the available evidence, and on balance, I'm unable to give him what he wants.

My final decision

For the reasons set out above, I don't uphold this complaint.

Hargreaves Lansdown Asset Management Limited have already paid Mr F £350 which I think fair and reasonable.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F to accept or reject my decision before 21 July 2023.

Dara Islam
Ombudsman