

The complaint

Mr S complains that Hargreaves Lansdown Asset Management Limited (HL) incorrectly applied a contribution as a business rather than a personal payment to his pension. In addition, he's also unhappy that he was unable to access his account on their mobile App. He also complains that after asking HL to reduce his monthly direct debit, they incorrectly took the higher amount the following month.

Mr S wishes to be recompensed for the trouble and upset he feels HL has caused him.

What happened

At the beginning of April 2022, Mr S wished to make a pension contribution. His priority was to ensure the money reached his pension by 5 April so it would count as a contribution within the 2021/22 tax year. Mr S initially attempted to make the payment by credit card but as HL couldn't accept that method of payment, he had to explore other alternatives.

After speaking to HL on the telephone to understand how he could make a payment, Mr S made a £5,000 contribution by bank transfer on 1 April 2022. He then spoke to HL again several days later to confirm they'd received the monies.

In September 2022, Mr S contacted HL after noticing that he'd not benefited from any tax relief on his contribution. It then came to light that the payment made in April 2022 had been treated as an employer payment and recorded as a gross contribution. That meant the payment had already received tax relief at source so nothing further would be added. However, that wasn't as Mr S had originally wished.

Around the same time a further two issues arose. HL collected a direct debit from his bank account that was in excess of what Mr S had asked for. In addition, when trying to view his online account at the time, Mr S wasn't able to do so as the HL mobile App wasn't available.

Shortly afterwards, Mr S decided to formally complain to HL. He said in summary, HL shouldn't have treated the April 2022 payment as a company contribution. He said it should've been viewed as a personal payment and received tax relief. He was unhappy because he didn't believe HL had followed his instructions from the time. In addition, Mr S also explained he was unhappy because:

- he wasn't able to access the HL App at the beginning of September 2022. He said he'd lost out financially because of HL's IT problems.
- He was also disappointed that despite having asked HL to reduce his direct debit several weeks earlier, they continued to take the higher amount in September 2022.

After reviewing Mr S's complaint HL said in summary, as the April payment had been made to them through a business account and Mr S had confirmed to them the payment should be treated as a gross contribution, they were content they'd acted fairly. HL also said that as

their terms and conditions offered no guarantees about their mobile phone App service (combined with the fact their telephone lines remained available should Mr S have had any queries), they weren't upholding that part of his complaint either.

HL did however concede they'd not followed Mr S's instruction to alter his monthly direct debit. To say sorry for the trouble they'd caused, they offered him £300.

Mr S was unhappy with HL's response. He felt they'd lied and tried to 'muddy the waters' in an attempt to get themselves out of taking ownership of the tax relief issue he'd raised. In addition, he wasn't happy with HL's response to his concerns about the App access problems he'd encountered and the direct debit issues he'd had.

Mr S asked this service to look into his concerns as he didn't feel HL had treated him fairly. He also said that because of HL's actions, he'd needed to take time off from work as he'd suffered from stress and anxiety. He went on to explain that he wanted HL to recompense him for the time he'd taken in trying to resolve the complaint. Mr S felt that should be £2,000.

The complaint was then considered by one of our Investigators who concluded that HL had treated Mr S fairly. Our Investigator said in summary, HL had been reasonable in treating the £5,000 as a business payment given the nature of the conversation Mr S had held with them. He also felt that as other trading options were available to Mr S, HL were right to not uphold that part of his complaint. Finally, our Investigator thought the £300 HL had already offered Mr S for the trouble they'd caused in not amending his direct debit was fair and reasonable in the circumstances.

However, Mr S disagreed with our Investigator's findings. In summary, he didn't feel they'd got to the heart of his concerns. As Mr S was unhappy with the outcome, he then asked the Investigator to pass the case to an Ombudsman to review.

After carefully considering the complaint, I issued a provisional decision explaining that I was planning on upholding Mr S's complaint in part. For completeness, I've set out the findings I made in full below.

My provisional decision

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

I have summarised this complaint in far less detail than Mr S has done and I've done so using my own words. I'm not going to respond to every single point made by all the parties involved. No discourtesy is intended by this, our rules allow me to do this. This simply reflects the informal nature of our service as a free alternative to the courts. If there's something I've not mentioned, it isn't because I've ignored it - I haven't. I'm satisfied I don't need to comment on every individual argument to be able to reach what I think is the right outcome. Instead, I will focus on what I find to be the core issues here and having done so, I'm upholding Mr S's complaint in part.

Before I go into any level of detail, I think it's important to cover HL's point about whether this service has the jurisdiction to look at all of Mr S's complaint. HL has said that as Mr S has already accepted their proposed resolution to the direct debit issue, that point should be considered out of scope. However, as I'll explain in more detail shortly, it seems that Mr S is now suggesting he hasn't accepted HL's resolution. In addition, there's nothing contained with the regulators dispute resolution rules that would prevent a consumer from bringing their concerns to this service (assuming they did so within the correct time limits) even if they had

initially indicated they would accept the firm's complaint resolution but then chose not to accept it.

Pension contribution

What's at the heart of this complaint is how HL treated the payment Mr S made into his pension. HL credited the contribution as a gross payment to his plan - that meant they didn't need to apply any tax relief as it was paid without the deduction of income tax. However, Mr S says that as it was a personal payment, HL should've treated it as a net payment and added on tax relief.

As I've already explained, Mr S initially attempted to add funds to his pension online using his credit card. When that failed, he telephoned HL. During that discussion, Mr S was advised that payments could only be accepted by either debit card or bank transfer. Following that discussion, HL then sent Mr S a set of instructions by email that explained how to go about making the payment. The email included a link to the key features of the pension and encouraged him to read them along with the contribution checklist. Mr S says he doesn't ever recall being sent that email. He went on to explain that he felt HL were lying about having sent the message to cover their tracks. I'm not persuaded they are though. I've seen a screen grab of the interaction HL had with Mr S on that day and find it highly improbable that a major investment platform would fabricate having sent an email. That's because I think it was in HL's interests for Mr S to make the contribution, so sending a message that explained how to make a payment would be in their best interests.

What I think is key in this element of Mr S's complaint is the discussion he had with HL after the £5,000 payment had been made. I've listened to the telephone call Mr S had with HL on Monday 4 April 2022. After checking his online account, he wanted to know why the contribution he'd made on Friday 1 April 2022 wasn't showing on his balance. After checking, HL explained that given the closeness to the tax year end, they'd received a significant volume of payments on that Friday and were working hard to process those monies into the respective customer's plans. After initially being told by Mr S that he'd made the payment, HL discovered the monies had actually been sent in from his business account. HL then confirmed the £5,000 had been received and it would show in his pension later that same day. During the discussion, HL explained that as the monies appeared to have been credited by a business account, they needed to understand how to treat the payment. HL asked Mr S whether the premium should be applied as either 'net' or 'gross' to his pension. Mr S replied, the premium "can only be gross".

Mr S has subsequently said that HL didn't treat him fairly in that call. That's because he says, when he was asked by HL whether the payment should be treated as 'net' or 'gross', he later explained that "I had no knowledge or understanding of what that meant". Whilst I accept many consumers may be unfamiliar with financial services terminology, if Mr S was unsure of the difference between net and gross, he could've asked HL to clarify things for him. Whilst HL are unable to provide advice, they can provide factual information and this is an area that I don't doubt if asked, they would have been happy to explain. Importantly though, as HL work on a non-advised basis, what I wouldn't expect is for them to check Mr S's understanding of the two. That's particularly the case when he didn't hesitate to state the payment should be made gross when asked, combined with the fact the payment was received from a business account. So it seems to me, HL had no reason to doubt Mr S's instruction.

Mr S believes that HL are treating self-employed consumers unfairly. That's because he says that when payments are received from a limited company account, HL view them as an employer contribution. I don't agree HL have been unfair though. Before taking the premium, plan holders are asked to read the key features document and specifically, the contributions

checklist. Whilst I appreciate Mr S explained to HL that he made the contribution on 1 April, he did so using his limited company account. Therefore, whilst he may view those monies as his own, they actually belong to the company. And, HL's key features document states they can accept payments into the pension from company bank transfers, so I don't think it's unreasonable for HL to conclude such payments shouldn't be treated as personal payments. In addition, in the screen grab that Mr S sent to this service (dated 17 October 2022), it states that before a contribution can be applied to a pension, HL need confirmation of how that payment is to be treated – either net or gross. Whilst I appreciate it was Mr S who initiated contact with HL on 4 April 2022, confirmation was given by him of how they should treat the tax relief and therefore, their conditions were met.

So, for the reasons I've given above, I'm satisfied HL treated Mr S fairly in respect of how they applied his £5,000 contribution to his pension. As such, I'm not upholding this part of Mr S's complaint.

Access to HL App

In his earlier correspondence with this service, Mr S explained he was also unhappy that he couldn't access his portfolio on the HL App on 1 September 2022. HL explained that at the time, they suffered from a brief technical fault that resulted in some android users being unable to log in. The issue was resolved when users applied a simple 'update' to their existing App. When Mr S complained about this issue to HL, they said they weren't upholding this element of his complaint. That's because they said that their terms and conditions explained they provided no warranties about the availability of their App and also, other options were available to Mr S should he have wished to trade on his account.

Having carefully considered this issue, I won't be upholding this element of Mr S's complaint. That's because whilst I accept it may have been frustrating, technology can sometimes go wrong and isn't always perfect. Putting to one side HL's terms and conditions that say they offer no guarantees about the availability of the App - HL have other pathways in place to ensure that when their App isn't working, consumers are still able to access their monies should they need to. So, had Mr S wanted to trade on his account, he could've done so via their telephone channel or logged into their desktop website.

Monthly direct debit

Mr S is unhappy that HL failed to make an amendment to his monthly direct debit. I think this element of his complaint is fairly straight forward as the facts here aren't contested on either side. Mr S asked them to amend his payment from £1,000 to £500 per month on 17 August 2022. A day later, HL confirmed they'd made the change for him. Unfortunately, on 7 September, HL debited £1,000 from his account.

Mr S contacted HL the same day to highlight the error and they returned the funds four working days later. To say sorry, HL originally offered Mr S £200 on 14 September for the trouble they'd caused.

HL said in their correspondence with this service that Mr S had eventually accepted £300 in full and final settlement of the direct debit issue. From the correspondence I've seen though, I think there's been a misunderstanding between both HL and Mr S about what's been agreed on this point. That's because in his email to this service on 9 February 2023, Mr S stated that he hadn't accepted any payment, nor signed anything to say he was happy with HL's resolution. On the other hand, HL have said they thought Mr S had accepted their proposed resolution on this issue – which I can understand given in the recorded call I've listened to of 23 September 2022, Mr S stated he was happy for that part of his complaint to be closed.

Having thought about the chain of events and the actions HL took, I think they've acted reasonably in the circumstances. They acknowledged the error and returned the funds promptly. They then confirmed the payment had been correctly set up for October. In addition, had Mr S wanted to undertake any trades with those monies in September, he could've made a bank transfer from his account and sent the correct amount (£500) back to HL. So, I'm satisfied the impact of the error is minimal.

Turning to the £300 HL offered Mr S, ordinarily I wouldn't be convinced that such a small error warranted that level of redress. I appreciate seeing an incorrect payment taken from his account was likely frustrating but as I've already explained, using financial services won't always be hassle free. However, I understand this is a repeat issue so under the circumstances, I feel the £300 HL have offered in resolution of this issue is fair and reasonable. Therefore, whilst I am supportive of the approach HL have taken on this issue, I'm upholding this part of Mr S's complaint. If they've not already done so, HL should pay Mr S the £300.

Responses to my provisional decision

Having received my provisional decision, HL responded stating they had nothing further to add.

In response to the provisional decision, Mr S explained that I had misunderstood part of his complaint. In summary, he went on to say that he had not stated anywhere in his complaint that the account used to make the pension contribution was a limited company account. In addition, Mr S stated that he does not have a limited company. He wanted to understand whether a payment coming from a business account would automatically be considered as an employer contribution and default to be treated as a limited company account.

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 considered Mr S's further submissions, I'm not persuaded to alter the outcome of my original provisional decision. Before I explain why this is the case, I think it's important for me to note I very much recognise Mr S's strength of feeling about this matter. He has provided submissions to support the complaint, which I've both listened to and read, and considered very carefully. However, I hope Mr S won't take the fact that my findings focus on what I consider to be the central issues, and not in as much detail as he has outlined, as a discourtesy.

As I've already explained, the purpose of my decision isn't to address every single point raised. My role is to consider the evidence presented by Mr S and HL to reach what I think is an independent, fair and reasonable decision based on the facts of the case. In deciding what's fair and reasonable, I must consider the relevant law, regulation and best industry practice, but it is for me to decide, based on the available information I've been given, what's more likely than not to have happened.

Having reviewed the provisional decision, Mr S stated he's unhappy that references were included that the pension contribution was being made from a limited company account. He says the payment was made to HL through an account in the name of his business, which isn't trading as a limited company. Mr S feels I've been misled when reaching my provisional decision. However, it's important to understand why I'd concluded the

contribution had been made through a limited company - and that's because of comments made by Mr S himself.

When Mr S submitted his complaint to this service, he set out his concerns verbally in a recorded voice memo. That recording, lasting 10 minutes, was then submitted with his wider supporting information. In that recorded voice memo, he stated *".....and upon receiving the money from my business account, they've defaulted automatically and put it through as a limited company, so they've registered it as a limited company on their system and they've failed to add the 20% on. That continues the problem... they've added {name of Mr S's business} as a limited company account without any of my permissions"*. Mr S also went on to say HL have his business account noted as a limited company account on their systems. So, it's because of those comments I understood the payment had been made through a limited company.

However, the fact that the pension contribution was made through a business rather than limited company account doesn't alter my thinking. That's because HL received a contribution from a non-personal bank account which they needed to allocate to the consumer's pension. Before they could allocate the £5,000, they needed to understand how that contribution should be applied to the pension – either net or gross. The important fact here is the contribution arrived via a non-personal bank account and it's what happened immediately after receipt of those funds which is key.

So, whilst I'm happy to acknowledge the monies arrived via a business rather than a limited company bank account, HL still needed to understand how that contribution should be treated. And, as I've already explained, I'm of the view that it was the call that Mr S had with HL on Monday 4 April 2022 that led to the contribution being incorrectly classed as a gross payment.

During that telephone conversation, HL asked Mr S whether the premium should be applied as either 'net' or 'gross' to his pension. Mr S replied, the premium *"can only be gross"*. And, whilst Mr S has conceded that *"I had no knowledge or understanding of what that meant"*, if he was unsure of the difference between net and gross, he could've asked HL to clarify things for him. As I explained in my provisional decision, whilst HL are unable to provide advice, they can provide factual information and this is an area where I don't doubt if asked, they would have been happy to clarify things to Mr S if he was unsure.

As the HL customer services representative Mr S spoke to wasn't authorised to give advice, I wouldn't have expected them to check his understanding of the two. And, as I've already explained that's particularly the case when he didn't hesitate to state the payment should be made gross when asked. Whilst it was Mr S who initiated contact with HL on 4 April 2022, before applying the premium to his plan they needed to understand how the £5,000 should be treated – and it was Mr S who instructed HL to treat the contribution as gross. So, regardless of the fact that the provisional decision noted the contribution was made through a limited company as opposed to a business account, I'm not persuaded that HL treated Mr S unfairly when dealing with how the pension contribution should be applied to his pension.

Whilst I appreciate this is not the outcome Mr S was hoping for, having considered his further comments, I have reached the same decision on each of the complaint issues for the reasons I've already set out above.

My final decision

Hargreaves Lansdown Asset Management Limited has already agreed to pay £300 to settle the complaint and I think this offer is fair in all the circumstances. So, my decision is that Hargreaves Lansdown Asset Management Limited should pay £300 to Mr S.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 15 August 2023.

Simon Fox
Ombudsman