

## The complaint

Mr F says that Hargreaves Lansdown Asset Management Limited (HLAM) should have done more to stop him trading from his account. He says that they should have identified that he was vulnerable and suffering a period of mental ill health.

## What happened

Mr F says that in 2022 he was vulnerable and had poor mental health, due to an ongoing divorce. He says that because of this and the financial worry it brought, he decided to trade through his HLAM account.

HLAM say that Mr F deposited £32,500 into his Fund and Share account in May 2022. They have provided information to show that 73 trades were placed from this time, to when Mr F closed the account in July 2022.

Mr F complained to HLAM. He said that these trades had been out of character and that he had essentially been gambling with his money. He said the poor decision making was due to his poor mental health at the time. He said HLAM should have identified this and his vulnerability and done more to restrict his trading.

HLAM responded to say that they sympathised with Mr F's situation, but didn't feel they had done anything wrong. They said that Mr F's account was 'execution only' and so no advice was given. They also stated that they didn't feel that the trades themselves were enough to give concern that Mr F was vulnerable and so consider further actions or support.

Mr F brought his case to our service for an independent review. Following this, HLAM provided a further response and noted that Mr F was also unhappy that they hadn't restricted his trading on his self-invested personal pension (SIPP) account sooner. They accepted that concerns had been raised on 11 July 2022 but the account hadn't been restricted until 28 July 2022. For this and further mis-information given that they would be looking into things further, they offered Mr F £500 for the distress caused.

Our investigator looked into it, but she didn't think HLAM should have restricted trading on Mr F's Fund and Share account sooner. She didn't feel that the activity from May 2022 was enough to raise concern. She also felt that the £500 offer from HLAM for failings in regard to the SIPP account was fair.

Mr F remained unhappy. He maintained that his account activity was out of character and unusual and as such should have flagged his vulnerability to HLAM. He said that he didn't believe HLAM had sufficient systems in place to identify issues such as his and he didn't believe he had been treated fairly and in line with FCA requirements to identify and support vulnerable customers.

As no agreement was reached, the case 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.

Firstly, I would like to start by saying that I sympathise with Mr F. I know that this will not have been an easy period, exacerbated I am sure by the losses he has suffered. However, for me to uphold this complaint, I would need to be satisfied that HLAM should have done more to support Mr F and potentially reduce the losses he has suffered. However, I can't say that is the case, let me explain why.

Mr F has highlighted a period between May and July 2022, where he says that trades he carried out within his Fund and Share account should have been identified by HLAM as unusual activity. However, having reviewed Mr F's account transactions from inception, I don't believe his activity from May 2022 would have notified HLAM of anything unusual or triggered them to ask further questions.

I understand Mr F comments that 73 trades in a period of just under two months was high and unusual for him. However, I don't agree that this alone would have been enough to trigger any concern with HLAM. I can see a period in March 2021 where Mr F placed approximately 14 transactions within a seven-day period, a similar frequency to the period complained about.

Further, the trading activity was a similar pattern to previous months, where Mr F would invest in a single or small number of shareholdings and then sell them the same day or within a few days. The trades weren't placed in anything particularly unusual or risky, compared to previous trades.

Mr F has argued that HLAM do not have adequate systems in place to identify vulnerable customers. However, it is not my role to review commercial practices. Reviewing Mr F's individual case specifically, HLAM have said they have a process for monitoring unusual patterns, high volumes of trades, no clear investment objectives, contravening prospectus' or Key Investment Information Documents and that Mr F's activity didn't do any of this. I am satisfied that was the case.

HLAM have however, offered Mr F £500 compensation. This is because they said that Mr F expressly let them know of the difficulties he was facing on 11 July 2022. They say that whilst the complaint seemed to refer to the Fund and Share account (which had been closed), they should have identified the need to restrict the SIPP account sooner. However, this was not done until 28 July 2022. HLAM say they also mis-informed Mr F regarding concerns on his SIPP account and should have provided account information sooner.

Having considered the impact of these issues, I think the £500 HLAM have offered is fair. I can see that there were no trades on Mr F's SIPP account between 11 July and 28 July 2023, which could have been avoided if HLAM had acted sooner. But I know that this was a difficult period for Mr F and it would have been distressing to raise the concerns again before anything was done regarding that account.

HLAM have said that Mr F hasn't expressly confirmed any other complaint points regarding the SIPP account, but that they will consider them if he contacts them. I think this is reasonable and I note that the issues do appear different as there weren't deposits into the SIPP account like there were into the Fund and Share account.

In summary, I don't think that HLAM did anything wrong in not doing anything more to support Mr F prior to 11 July 2022. I don't believe any account activity should have alerted them to the difficulties he was facing. I agree that Mr F's SIPP account should have also been restricted on 11 July 2022, when Mr F had expressly let HLAM know that he was vulnerable. For the impact of this and the communication errors, I think the offer of £500 is fair.

### **My final decision**

My final decision, for the reasons given above, is that the offer of £500 by Hargreaves Lansdown Asset Management Limited is fair in the circumstances and should be paid to Mr F in settlement of the complaint, if it hasn't already been.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F to accept or reject my decision before 10 October 2023.

Yoni Smith  
**Ombudsman**