

The complaint

Mrs F complains about some investment accounts that have been transferred to Hargreaves Lansdown Asset Management Limited ('HLAM'). Mrs F's complaint is that these transfers were poorly administered, and this has resulted in the new HLAM accounts having incorrect amounts in them.

Mrs F also thinks some investments are not accounted for, and some of the income from the shares in the accounts has not been reinvested.

What happened

It's firstly relevant to note that HLAM haven't given Mrs F any advice, they have acted as an execution only broker. That is, HLAM has provided a service to act on Mr and Mrs F's instructions only.

This complaint concerns accounts that were set up in Mr and Mrs F's name originally. Unfortunately, Mr F passed away October 2022. Please accept my condolences in this respect.

I have read and looked at all the documentation and comments that all the parties to the complaint have provided. I won't refer to all of it in detail here as it is very extensive and all the parties to the complaint are already aware of it.

As far as I can see the first contact Mr and Mrs F had with HLAM was in August 2020. At this time Mr and Mrs F submitted an application form to transfer three accounts from a business I'll call Firm I to HLAM. All the investments they held with Firm I were transferred to one account with HLAM.

I've seen the application form that Mr and Mrs F submitted, and this does show that one account with HLAM should be opened. But, I do note the information about the four accounts from Firm I shows that they were separate share accounts each with different values.

It's now apparent Mr and Mrs F wanted four new accounts set up at HLAM, and for these to be placed in a trust, for the benefit of their four grandchildren. I'll call their grandchildren F, T, L1 and L2. The initial transfer was for three accounts at Firm I that Mr and Mrs F had started for F, T and L1. L2's account was not included in this initial transfer as she was over 18 and so would need to open a HLAM account herself if the Firm I investment that Mr and Mrs F held for her was to be transferred to HLAM.

In September 2020, Mr and Mrs F submitted a request to transfer the account from Firm I which they had set up for L2. HLAM say the initial instructions included a cover letter that did refer to L2 so it seems likely Mr and Mrs F wanted it to go to an HLAM account in her name. But as the account at Firm I was not in L2's name, and L2 didn't yet have an HLAM account, Mr and Mrs F submitted a revised instruction to also transfer these investments into the new HLAM account.

HLAM has provided information that shows that whilst Mr and Mrs F were making these transfers, they were also taking steps to open accounts for their three younger grandchildren so they could transfer the investments they now had with HLAM into individual accounts for them. And these were to be placed in trust.

The new account and trust setup was complicated. An account was set up for F first. Account setup forms were provided by Mr and Mrs F for L1 and T but these were not completed correctly, and this process was also delayed due to these two children living overseas. Accounts were set up for them in due course. The accounts for L1, T and F were placed in trust.

Mr and Mrs F provided an internal transfer request in respect of the money they had transferred into HLAM (held in their account) to F. And this transfer went ahead. I understand F received around a third of the total funds that had been transferred to HLAM at this point which was the investments in the account held for F, T and L1.

The money held in the account intended for L2 was transferred into Mr and Mrs F's joint account after this.

HLAM's records then show that a phone call took place in January 2021 in which Mrs F gave an oral instruction for all of the funds held in their joint HLAM account to be split three ways and placed into the accounts for T, L1 and F.

This transfer took place, and the situation was now that F had a third of the first transfer in, which I think originated from the Firm I accounts in the names of F, T and L1. And then each of F, T and L1 received a third of the remainder of this first transfer, plus a third each of L2's Firm I account which had also been transferred in.

As I said earlier L2 was over 18 when Mr and Mrs F made the transactions I've outlined above. I understand that Mr and Mrs F intended for L2 to have the money in the account they had opened for her at Firm I. L2 started to open an account in July 2020. But HLAM says there were problems with L2 completing anti money laundering checks and this didn't take place until August 2021. And so, no money from the original transfer was ever placed into her account.

L2's initial application correspondence referred to an account with a business I'll call Firm F. But HLAM doesn't have a record of a transfer in from this business and no further request was made. HLAM had satisfied itself that L2 still has an account with Firm F and has provided details of this account to L2.

HLAM has also said that after receiving a power of attorney, and on Mr F's death, the accounts ownership was changed (where applicable) and the existing instructions to reinvest the income were not automatically put back in place. It says it is standard practice when accounts are restructured following a death that new instructions about income reinvestment are required as it thinks it is wrong to rely on old instructions when the ownership of the investment has materially changed. It did inform Mrs F and her representatives about this.

Mrs F has complained about the transfer to HLAM. She thinks that HLAM's poor administration and processes have led to the accounts being set up incorrectly. She has had problems in contacting HLAM to put this right, and she has sometimes been unable to use its online services.

HLAM has partly upheld this complaint. It thinks it set up the accounts correctly and in the way that Mr and Mrs F instructed it to do. It acknowledged the problems Mrs F had faced and it recognised the distress and inconvenience that she has clearly gone through. It

thought that it could have communicated better with her at times, in particular offering more guidance after the death of Mr F and providing better communication around this.

It has offered to restructure the accounts in the way Mrs F says they were intended to be set up. And it has offered to pay £500 for the distress these issues have caused her.

One of our Investigators has considered the complaint. He outlined the situation with the accounts as above. But he thought that HLAM's offer to put things right was reasonable.

Mrs F hasn't accepted this as a resolution to her complaint. She didn't understand why the four accounts at Firm I were put into one account and then were divided only three ways. She didn't think she gave an instruction in 2021 to do this. Mrs F thinks that HLAM has been very unhelpful.

HLAM has continued its investigation into how to remedy this situation. It has provided detail of how it can put all four of the accounts this complaint concerns in as close to the same investment proportions as the original source accounts. It is prepared to make these changes. But it did note that two of the account holders, F and L2, were over 18 and so they would need to consent individually for this to take place.

Mrs F hasn't agreed to this. As no agreement has been reached the complaint has been passed to me to consider.

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.

Regarding the initial instruction to transfer the funds to HLAM. I've seen a copy of the information about the accounts that were held at Firm I. These were jointly held in the name of Mr and Mrs F, but they were four separate accounts with references that related to each of the grandchildren.

The transfer instructions (at both times) that was given to HLAM were, broadly speaking, to open one account and transfer the accounts held with Firm I into this. So, I think it's reasonable to say that HLAM wasn't acting incorrectly when it transferred the Firm I accounts in the way that it did.

The situation is the same for the subsequent transfers into Mrs F grandchildren's accounts. The instructions I've seen, which include the oral instruction to split the investment accounts looks to be on the basis that I've outlined above. That is a first transfer into F's account and then a split of the remaining funds three ways. This is how Mr and Mrs F said that they wanted it to be arranged at the time.

L2 needed to set up her own account as she was over 18 when this transfer process started. I can see that she had problems doing this, and it didn't happen until mid-2021. This was a long time after the initial transfers had taken place, and the money placed into accounts for the other grandchildren.

It's not entirely clear how Mr and Mrs F wanted to restructure the money that that was held in a Firm I account for L2. Either they intended L2's account to initially remain with Firm I and this could be transferred separately along with the funds in Firm F at a time in the future, presumably when L2 set up her own HLAM account. Or they may have not realised that L2's Firm I account had been transferred to HLAM when Mrs F asked for this money to be transferred to the other grandchildren's accounts.

But either way I think it's established that L2's investments that were held with Firm I were transferred to HLAM and distributed as I've outlined above. And her Firm F investment was not transferred to HLAM. HLAM has confirmed that this account is open with Firm F. So, I agree that L2's money is not 'missing' as such. Although, it does seem to be where Mrs F doesn't want, or have expected, it to be.

It's clear that there has been significant amount of confusion here about the destination of these investments and the transfer process. But HLAM did send information about what had been transferred on an ongoing basis. And Mr and Mrs F would have had confirmation from Firm I as well. And it's now obvious that the transfers have not taken place as Mrs F has made clear that she intended. But without any evidence of significant errors on the part of HLAM I'm not upholding this aspect of Mrs F's complaint.

One of the issues raised is that income was not reinvested in the share accounts for a short time before Mr F's death, and after it. HLAM has explained that it doesn't rely on previous instructions to trade where investments have changed (following the addition of a power of attorney or a death). And this seems reasonable and again it did inform Mrs F about this at the time and it asked for revised instructions. I can't see that it acted incorrectly in this issue and I'm not upholding Mrs F's complaint about this.

Mrs F has also complained in general about not being able to access accounts and both the telephone contact, online contact and written information has not been what she expected. I have seen a lot of correspondence, and telephone calls, in respect of all of these issues and it's clear that Mrs F has found this situation to be problematic. And whilst I've seen no systemic failings on HLAM's part it accepts that it could have done better here. And I agree with this.

To put all of this right it has offered to:

- Pay £500 in recognition of Mrs F, and her family's, frustrating experience throughout these transfers.
- Move the investments holdings between the four grandchildren's accounts so that they match up to (as closely as is now possible) the investment make up of accounts transferred in from Firm I in 2020.

I think this is a reasonable and fair way to resolve things overall.

As HLAM as pointed out two of the accounts that would be adjusted in this process are not held by Mrs F and are held by other adults (F and L2). And these two individuals are not part of this complaint. So, I can't make a decision that says HLAM must adjust these accounts. Mrs F will need to get these two individual's permissions before any adjustments can be made.

Because of this I think HLAM should produce the proposed investment movements, which I understand it has already prepared. And Mrs F can consider this, and gain the permission of her family members to enact these if this is what is now right for them.

My final decision

Hargreaves Lansdown Asset Management Limited has already made an offer to pay £500 to settle the complaint. And provide the information Mrs F and her family need to decide if they want to adjust their investments. HLAM will then adjust the investments according to any instructions Mrs F and her family provide. I think this offer is fair in all the circumstances.

So, my decision is that Hargreaves Lansdown Asset Management Limited should pay £500 and taken the steps I've outlined above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs F to accept or reject my decision before 25 April 2024.

Andy Burlinson
Ombudsman