

The complaint

Mr D complains that Hargreaves Lansdown Asset Management Limited ('HL') didn't make him aware of the risks in two specific shares within his Individual Savings Account ('ISA') and Share account. Both shares have suffered significant losses and Mr D believes Hargreaves Lansdown Asset Management Limited is responsible for the losses.

What happened

In 2021, Mr D purchased shares in a business I will call Company E through his HL Fund & Share account. In the same year, Mr D made three purchases of shares in a business I will call Company A through his HL Stocks & Shares ISA and HL Fund & Share account. In October 2022, Company E went into administration and its shares were suspended from trading. The shares Mr D holds in Company A have also suffered significant losses since he bought them.

Mr D complained to HL that it hadn't made him aware of the risks of investing in these shares, and that he had relied on the information HL had placed on its website when purchasing shares in Company A – specifically on a page on HL's website referring to HL's most popular stocks and buy to sell ratios.

HL didn't uphold Mr D's complaint and thought it wasn't responsible for the losses Mr D made. HL said Mr D had been aware of the risks at the time he made his investments and that the service it provided Mr D was an execution only service, which meant it didn't provide any advice about the suitability of the investments Mr D made.

When Mr D brought the complaint to the Financial Ombudsman Service, one of our Investigators looked into things. The Investigator thought that HL hadn't done anything significantly wrong and wasn't responsible for the losses Mr D made in his execution only share dealing transactions. Mr D asked that an Ombudsman decides the complaint.

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.

Before I address Mr D's complaints, I want to make it clear that although Mr D has previously complained about the purchase of shares in Company E, that complaint was about the execution of the particular trade. HL provided a final response to that complaint in April 2021, so I can't address any of the points HL dealt with in that final response as Mr D didn't bring that complaint to our service.

At the crux of Mr D's new complaint is his strong view that HL provided advice regarding his share purchases. Mr D believes it was reasonable for him to rely on the information HL provided on its website – specifically information about the most popular shares being traded at the time. I understand Mr D will be disappointed with my decision, but I've decided HL hasn't done anything significantly wrong. I will now explain why.

HL's terms and conditions make it clear it would not provide advice to Mr D. In other words, Mr D would buy or sell shares through HL on an execution-only basis. What this means in practice is that Mr D is required to give specific instructions to HL and HL will then execute or conduct the transaction for Mr D. We don't expect HL to give advice during an execution-only transaction. If the consumer asks for advice, and the business provides it, then we would say the relationship is an advisory one and the business will be responsible for ensuring the investment is suitable. In this case I have looked at the purchases Mr D has referred to in his complaint to see if any advice was given, or whether HL had any obligation to provide advice.

In respect of shares in both Company E and Company A, Mr D retained sole responsibility for his share purchases at each point he traded in them. HL's terms and conditions confirm his accounts were based on a non-advisory service. In addition to the terms and conditions HL provided to Mr D, HL also provided links to the risks and the terms and conditions of the accounts each time Mr D attempted a trade. The same notices explain investments can go down in value as well as up and warn Mr D he could get back less than he invested. HL goes on to say, *"Nothing on the website should be regarded as personal advice so if you have any doubts as to the suitability of an investment for your personal circumstances, please contact us for written advice."* I've seen nothing to suggest Mr D approached HL for advice on the suitability of his investments, and this supports Mr D was aware his investments were on an execution-only basis.

I have considered Mr D's concerns that the website information HL provided could reasonably be considered to be an investment recommendation - and a form of investment advice. Regardless of the warnings provided, and that Mr D would have been aware he held execution only accounts as he had traded this way for some time, the information HL provided on its website contained details of other shares and their performance. HL provided this information to all consumers, so I can't say it was an individual recommendation for Mr D to buy or sell a specific share, or indeed a recommendation that any consumer should buy a specific share. Furthermore, I consider the warnings HL included within the information on its website made it clear that such information did not constitute investment advice and should not be used as a basis for investment decisions.

Mr D has spoken with HL on the telephone about his shares in Company E and Company A and their associated risks – but these calls only took place after Mr D had placed the trades with HL. Because of this, I'm satisfied HL didn't provide any personal advice to Mr D in respect of these shares. Indeed, in all the telephone calls Mr D made after the trades, HL was consistent in telling Mr D that it couldn't have provided advice because his accounts were execution-only.

In respect of shares held in Company E, when Company E went into liquidation in October 2022, HL wrote to Mr D to update him in this regard. The notification was issued promptly and clearly explained what this meant for Mr D. So, in this regard HL kept Mr D informed, including discussing what could happen next in a telephone call with Mr D around this time.

When Mr D complained in November 2022, HL offered to put Mr D in touch with a financial adviser if he wished to obtain advice regarding his investments. Mr D explained he'd made a genuine mistake in making the investments and that he was distressed he had made significant losses. Mr D further explained that he couldn't afford the losses he incurred and that he'd been dealing with a recent bereavement, COVID, serious illness, health issues, management of childcare, and other household issues. HL noted this and provided details of organisations where Mr D could obtain support in this regard. Mr D agreed with HL that it would put a restriction on his accounts to prevent him from accessing the accounts online. This was to protect him from placing any further trades on-line and incurring any further losses. Telephone trading still remains available to Mr D. In the circumstances of this case,

this is a reasonable and proportionate approach for HL to agree with Mr D.

In respect of the financial losses he'd incurred, it's clear to me that Mr D was distressed during his calls with HL. I have a good deal of empathy with Mr D that the performance of his investments caused him significant financial losses that he cannot afford to bear and I'm sorry that he has had to deal with this. Unfortunately, this is not something I can hold HL responsible for as it didn't advise Mr D to invest in the shares he did – those were decisions made by Mr D.

My final decision

For the reasons provided above, I've decided that Hargreaves Lansdown Asset Management Limited hasn't done anything significantly wrong.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 10 September 2024.

Paul Lawton
Ombudsman