

## The complaint

Mr O complains Hargreaves Lansdown Asset Management Limited ('HL') failed to cancel an order to sell units in two funds causing him financial loss.

## What happened

Mr O has a Stocks and Shares ISA and a General Investment Account with HL which he held units in two funds; AXA Framlington American Growth Z and AXA Framlington Global Technology Fund Z. Mr O initially decided to sell holdings in those funds after markets had closed for the weekend on 29 September 2023.

When Mr O reviewed the futures markets in the early morning of 3 October 2023 before markets opened, Mr O decided he wanted to cancel the sell order and retain his holdings. Mr O contacted HL by phone at around 8.00am when its phone lines opened to cancel his sell orders.

During this phone call, HL told Mr O it couldn't cancel the trade as instructions had already been sent to the fund manager to carry out the sale earlier that morning, at around 7.00am. Mr O was unhappy HL had already sent the instructions as he understood from previous conversations he had with HL that he was calling them in time to cancel this order. Unhappy with what happened, Mr O complained to HL and in summary said:

- HL had told him several times previously that he could cancel trades around or before 8.00am.
- HL's website supports the understanding he took from those conversations.
- HL described such cancellation to him as a 'facility' it provided.
- HL gave him the wrong time the trade was instructed.
- HL had caused Mr O a loss of £4,511.14 he says he would've made had he been able to keep his holdings.

HL considered Mr O's complaint but didn't agree it did anything wrong. In summary it said:

- Instructions to sell fund holdings can sometimes be cancelled but only where instructions haven't yet been sent to the fund manager.
- HL doesn't provide or make any guarantee that sale orders in funds can be cancelled.
- While generally instructions are sent to fund managers between 8.00am to 9.00am, there are times this happens earlier, which HL said happened here.

Unhappy with HL's response to his complaint, Mr O referred what happened to our service to look into further. One of our Investigators considered the complaint and didn't think it should be upheld. Our Investigator said:

- There was no evidence HL told Mr O he could cancel trades before 8.00am, or other unclear or misleading information about cancelling trades.
- HL explained the trade had already been passed to the fund manager when Mr O

- called them, which meant HL couldn't cancel the trade.
- HL's order execution policy sets out it will execute trades promptly which it followed here.
- HL make no guarantee of being able to cancel trades.
- HL didn't act outside its terms and conditions with Mr O.

Mr O responded to our Investigator citing FCA rules around firms being required to communicate in a clear, fair and not misleading way and didn't provide any further submission or evidence.

As an agreement wasn't reached, the complaint was passed to me to decide.

### **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.

When HL communicate with Mr O it needs to do so in a way which meets its obligations under *PRIN 2.1R* – specifically here, Principle 7, which says:

“A firm must pay due regard to the information needs of its clients, and communicate information to them in a way which is clear, fair and not misleading.”

There is evidence of a large number of phone calls between Mr O and HL, the crux of Mr O's complaint being that HL told him he could cancel trades before they went to market, which would take place between 8.00am and 9.00am each day. Our Investigator didn't find specific evidence of this and so I asked HL to provide any further call recordings to those it initially provided us with.

I've listened to all the calls HL could provide and reviewed all the written call notes HL had available. One of these calls confirms what Mr O has said about the information HL gave him around being able to cancel trades, and by when.

On 12 September 2019, Mr O spoke with HL by phone to discuss a fund trade he placed the day before. He asked HL for information about how and when fund trades are placed. After an explanation by HL how forward pricing for funds work, it's call handler tells Mr O:

“You have the facility to cancel [a fund trade] before say 8.00am or that trade will be submitted”.

It follows then from at least the time of this call, Mr O was left with an understanding that so long as he asked HL to cancel a fund trade before around 8.00am, it would be cancelled. This is relevant to Mr O's complaint as he placed a sell order after markets had closed for the weekend and called HL when it opened at 8.00am on Monday morning to find he couldn't cancel, as the sell order was sent to the fund manager around 7.00am. Which was earlier than Mr O thought could happen.

While HL gave Mr O incorrect information, I need to also consider the wider information Mr O was given about how HL executes trades submitted.

When Mr O opened his accounts with HL he would've agreed to its terms and conditions, including an order execution policy, which sets out the obligations between Mr O and HL. Additionally, HL provides information on its website about how it deals funds.

Crucially, the terms at the time Mr O placed his sell order said at A11 paragraph 7:

“Instructions you give to buy or sell investments form a commitment which, once submitted for dealing, cannot subsequently be amended or revoked by you.”

And so, I think it's likely Mr O would've seen such terms prior to agreeing to open his account with HL. In any event, these terms were available to Mr O prior to instructing his sell order and it was set out clearly that such orders can't be cancelled. Additionally, as HL has used terms to this effect since at least as far back as February 2011 from copies available online, it's likely Mr O would've seen – and agreed to – terms saying as much when he opened his accounts with HL.

HL's website set out the following information about fund dealing times which, while undated given both Mr O and HL have provided the same wording is likely what Mr O saw. This said:

#### Fund deal timings

These timings apply to funds with a 12pm valuation point. If your chosen fund's valuation point is not at 12pm you will need to contact our Helpdesk on 0117 980 9800 to find out what price you will receive.

- Deal before 8am – your deal will be submitted for trading the same day. You will get the fund price from the same day.
- Deal 8am – 9am – your deal will be submitted the same day if trading volumes allow. You might get the fund price from the same day.
- Deal after 9am – your deal will be submitted for trading the next (working) day. You will get e.g. tomorrow's fund price.

If you are dealing over the phone, we would need the order by 5pm the previous day.

You can find out when funds are priced – their 'valuation point' – on the fund's factsheet. Search for the fund on our funds page or in the HL app.

Funds consist of a large number of assets, which can include other funds, which makes them more difficult to value. For this reason, funds are typically valued once a day as Mr O's were. To ensure that the orders can be received and processed by the fund manager before the price point passes, HL sets out the timings above.

Mr O's interpretation of this extract is 8.00am at the earliest was the cut off for cancelling a trade which could extend to 9.00am. He says that means he has a brief period to cancel. But I'm not persuaded this is what the above information says. In my opinion HL is setting out the times its clients need to place a deal for a fund to receive the price at that day's valuation point. It makes no specific mention of cancelling and is informing clients that if they want that day's price point, trades need to be requested by 8.00am but if after, then trades might be possible until 9.00am. Otherwise the trade is executed against the next day's price point.

As well as the terms and conditions of the account making it clear Mr O did not have a particular right to cancel his trade, he would've been provided with HL's order execution policy when he opened his account. This document forms part of HL's terms and conditions and sets out how HL handle different types of trades, specifically that it will promptly execute orders. This means that the overall objective for HL is when it receives an order is to complete it as quickly as it practically can and clearly caters for this in its terms and conditions.

For funds the nature of a single daily pricing point leaves a longer period between order and execution which could've allowed Mr O to potentially cancel his order to sell. But there was no right to cancel under the terms or any minimum time period that would guarantee his order would be cancelled.

On the particular date Mr O complains of, HL sent the orders to the fund manager prior to 8.00am, This was due to a larger number of orders needing to be sent to the fund manager which HL wanted to ensure were received prior to that day's valuation point.

In my opinion HL did so fairly as it was following its execution policy in doing so and ensuring that orders were processed for that day's valuation point. I appreciate in this situation Mr O feels he lost an opportunity to cancel his trade but as already mentioned, HL don't provide a particular cancellation period here, only a period to place an order by. While Mr O may have successfully cancelled trades in the past in a similar manner, that is due to the timing working out for him rather than HL waiting until at least 8.00am to process orders.

I do acknowledge that the call Mr O had with HL on 12 September 2019 gave him wrong information and at the time led him to believe that he had a timeframe during which he could cancel his orders. And I acknowledge that he has successfully managed to cancel orders before October 2023.

However, for the reasons I've given, I've weighed up the other information Mr O was given by HL – including the terms, which in my view unequivocally make it clear that there is no right to cancel an order once it is placed. So even though I accept that he was given the wrong information over the phone, I'm not persuaded the one available call I've heard incorrect information given which took place a number of years ago outweighs all the other information available to Mr O.

### **My final decision**

For the reasons given above, I don't uphold Mr O's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr O to accept or reject my decision before 25 November 2024.

Ken Roberts  
**Ombudsman**