

The complaint

Mr N complained about Hargreaves Lansdown Asset Management Limited (“HL”). He said it shouldn’t have allowed a withdrawal to his business partner and joint account holder. He said HL should remove restrictions to the account for him, so that he could have access to the funds. He said HL should also replace the withdrawn funds and compensate him.

What happened

Mr N opened a joint trading account with his business partner, Mr M in January 2022. The premise of the joint account agreed between HL and the account holders, was that Mr N and Mr M could invest in shares and do this together. The two account holders had the same status on the account with the terms they signed up to, applying to both account holders and HL.

Mr N and Mr M had a joint business bank account with a third party, that on the application form they completed together and signed, was provided as the nominated bank account. So, at inception this was the account that was used for deposits and withdrawals. On the application, Mr N’s business partner Mr M, was the first named applicant. Money was deposited in the joint trading account and then invested in shares.

On 6 July 2023, Mr M sent an email to HL requesting that the nominated bank account be changed. He then called HL to discuss the change. HL tried to validate the new bank account details but were unable to. So, instead it sent Mr M a verification code to the first named applicant, according to its terms. This was also Mr M’s address, as he was the first named applicant.

The validation code that HL sent, arrived the next day and Mr M completed the process. Mr M then requested a withdrawal for £10 to the new account and this was completed.

On 10 July 2023, Mr M then put in an instruction to sell around £100,000 of shares in Rolls Royce and on 12 July 2023, when this sale had settled and the proceeds were in the joint account, Mr M requested a withdrawal for the maximum amount possible on any given day according to the terms of the account: £99,999 and this went through to the new account, that had just been validated as the nominated bank account.

On 30 August 2023, Mr N then contacted HL as he was worried about the assets in the joint account. He told HL that Mr M had not returned any calls or messages to Mr N. He then asked HL to change details on the account. HL at this point recognised there was a dispute between the joint account holders and invoked its dispute policy, which meant any activity was suspended pending an agreement from both of them or if it received legal direction.

Mr N complained to HL about what had happened. He said it shouldn’t have agreed to change the nominated bank account without first notifying him. He said, if it had done this, he would have acted and not allowed the withdrawal to have taken place. He said for this reason, he thinks HL has not treated him fairly.

HL said in response that it had acted within the terms and conditions of the account that Mr N and Mr M had both signed up to. It said in accordance with its terms, it would take instructions from either party named on the joint account. It said it sought to verify the new account, and after it had done this, it accepted it as the nominated bank account for the joint trading account. It said it followed its terms and did nothing wrong, by doing this. It said it also had Mr M recorded down as the first named applicant and so all communication for the trading account went to him, so it wouldn't have notified Mr N about this change.

HL said it did make a couple of mistakes when it was dealing with Mr N's requests and complaint. It said it incorrectly sent a valuation statement to Mr M instead of Mr N and also said it would change the account details when it shouldn't have. It offered to pay Mr N £50 for the distress and inconvenience it said it caused by making these mistakes.

Mr N was not happy with HL's response and referred his complaint to our service.

An investigator looked into Mr N's complaint. She said she didn't think HL needed to take any action. She referenced the terms and conditions that both parties had signed up to, namely where communications would go, that the account holders were jointly responsible and that it would act upon instructions received by either of them.

The investigator concluded, based on what she had read, that she didn't think HL had acted unreasonably when it amended the nominated bank account details and actioned the withdrawal request. She also concluded HL followed its policy for dealing with a dispute between the account holders, once it was aware that was the case.

The investigator did think HL had caused some unnecessary distress and inconvenience and felt its offer of £50 was fair and reasonable.

Mr N was not in agreement with the investigator's view. He said I should consider HL removing the block it put on the account, as he needs to manage his investments and mitigate for the withdrawal that has taken place.

Mr N reiterated that HL shouldn't have allowed Mr M to change the nominated account details or make a withdrawal. He said there were only two people involved in the partnership, so why couldn't HL inform both parties about what was going on.

Mr N shared his own bank statements to show how he funded the account. He also shared details of the partnership agreement between himself and Mr M. He said HL didn't adhere to the original agreement that the account holders signed.

Because the parties are not in agreement, Mr N's complaint has been passed to me, an ombudsman, to look into.

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.

I have independently reviewed Mr N's complaint and have arrived at the same outcome as the investigator, for the same reasons. I will explain what these are again and why I think HL needs to do no more than award £50 for the distress and inconvenience it has caused him.

First of all, I can see clearly there has been a dispute between the two account holders, but what has happened here and why, is not within my remit to consider. To be clear, anything

relating to the account holders, their friendship, business activity or what was agreed between them, is not a matter for our service or my jurisdiction and this includes what was agreed in their partnership agreement and how the account was funded.

What I do need to consider and what I have looked into further is whether HL treated Mr N fairly. I have considered this overarching question, in relation to the crux of Mr N's complaint, namely whether HL ought to have amended the nominated bank details, carried out Mr M's withdrawal instruction, and then suspended activity in the joint account. I looked into each one of these issues and in conclusion after doing so, I don't think HL have on balance, been unfair to Mr N, other than cause him distress and inconvenience, something which it has agreed to make a payment already.

I say this because, when Mr N and Mr M signed up to have a joint trading account with HL, in 2022, they were also agreeing to the terms and conditions relating to this. So, I would expect HL to provide its services within the terms it set and apply them fairly. I can see, in relation to Mr N's complaint points, that on balance, it did this.

Mr M contacted HL on 6 July 2023 to change the nominated bank account details. Within its terms, HL make it clear in section B1, that it would take instructions from any of the account holders. So, by accepting the amendment, after verification, it was acting as it had described from the outset.

I can also see that it stated within its terms that it would communicate to the first named applicant, so in this instance it was Mr M that received all communications in relation to this account. This presumably worked for the parties, up to the point when Mr M made a change to the nominated bank account, as Mr N doesn't seem to have made a complaint about not receiving communications or looked to change this up to the moment it became an issue. He also wasn't able to log in to the online portal or knew the security code when he called HL in August 2023, and so it doesn't look like he was actively looking or checking on his investments, up to the point when he started to become worried about the joint account.

I also am satisfied that HL was adhering to the terms of the account, when it acted on the instruction from Mr M to withdraw the funds. It was acting on an instruction from one of the account holders and would have had no concerns at this stage about doing so.

When Mr N did start to have concerns himself, he contacted HL to inform them of these and also to try and change the account details. I think it is a relevant point to say at this stage, in August 2023 and after the withdrawal had taken place, that this was the first time that HL had been made aware that there was an issue between the account holders. When it did find out that Mr N was not happy with the account amendments and withdrawal instruction, it invoked its dispute policy. It has stated to Mr N and our service what this is, and in all the circumstances, I think it was right to do this and still is.

It is HL's policy to suspend all activity on the joint account until either Mr N and Mr M agree jointly about what to do about the account and the assets held within it, or HL receives legal direction, such as from an agency or court. It has also stated the same policy within B1 of its terms, that both Mr N and Mr M signed up to when they opened the account. Again, based on what it was told, I don't think it was wrong to suspend activity on the account, as it is clear that there is a dispute between the parties. By following its own terms, HL are ensuring the assets held within the account are protected until either there is agreement between the account holders as to a way forward or an authority provides direction about what ought to happen next.

Finally, I can see that HL has made an offer of £50 to Mr N for mistakes it made when it dealt with his complaint. I have looked at what these were and agree that its offer is fair and reasonable.

I appreciate that my decision will be disappointing for Mr N, and I do empathise with him, as he does have issues to resolve with either the other account holder. But when it comes to the actions of HL in the circumstances of Mr N's complaint, I don't think it's been unreasonable in how its dealt with matters, other than the two mistakes it made in dealing with the complaint.

So, my decision is that HL should pay Mr N £50 for the distress and inconvenience it has caused. It doesn't need to do anything more than this.

My final decision

My final decision is that Hargreaves Lansdown Asset Management Limited should pay Mr N £50, if it hasn't already done this.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr N to accept or reject my decision before 10 March 2025.

Mark Richardson
Ombudsman