

The complaint

Mr W complains about the way Hargreaves Lansdown Asset Management Limited (HLAM) dealt with the sale of shares he held with it. He says it failed to honour the option he took up, and this caused him a financial loss when the value fell when the shares were eventually sold.

What happened

On 9 December 2022, HLAM wrote to Mr W to explain some US shares he owned could no longer be held via its custodian, so they would need to be sold. He was given three options:

- Do nothing, and HLAM would sell the shares on 28 December 2022.
- Sell the shares himself online before 28 December 2022.
- Transfer the holding to another provider.

Mr W says he decided to take the first option and expected his shares to be sold on December 2022.

When HLAM attempted to sell the shares, it encountered problems when its market maker pulled out at the last minute. It then made further attempts to sell the shares, but this was a drawn-out complex process. It eventually sold the shares in December 2023. But by this time the underlying value of the shares had decreased by approximately £7,000 compared to the December 2022 value.

In January 2024, Mr W raised a complaint with HLAM. He said he expected the shares to be sold on 28 December 2022. But HLAM failed to do this and instead when the shares were sold a year later the value was significantly less than he would have received if they were sold the previous year as intended. He requested HLAM compensates him for the difference in the value.

HLAM responded to the complaint initially it didn't uphold it. In summary it said:

- The CREST settlement system it uses no longer supported certain US stock – and this includes a holding Mr W had in his account. It had intended to sell Mr W's shares in December 2022. While Mr W understood this was a fixed date for the sale, at the last minute the market maker in place to facilitate the sale pulled out, as the custodian had decided to cease all trading in the securities immediately. Due to the tight timeframes, it wasn't able to find another market maker to support the sale on or around 28th December 2022.
- It worked to establish an alternative plan, but this was a very complex process. It needed to onboard an overseas broker. This was the first time it had done this, so the process took an extended period of time.
- It was only in December 2023 that it was in a position to instruct the sale through the new broker, and Mr W's shares were sold on 18 December 2023 – but the value had fallen. It carried out the sale nil of all trading commission.
- It didn't think it was at fault for the delays, nor did it have any control over the decision to cease support for the securities or for the market maker pulling out at the last minute. So, it didn't agree to meet the losses Mr W claimed.

Mr W responded as he wasn't happy with the outcome. HLAM reviewed the complaint again and offered Mr W £250 to recognise the very frustrating situation and that he had faith at the time that his shares would be sold on the original date.

Mr W remained unhappy and referred his complaint to this service for an independent review.

One of our investigators looked into the complaint. He didn't think it should be upheld. In summary he didn't find errors by HLAM caused the delay in selling the shares. He was satisfied the circumstances were outside of its control, so he didn't think it needed to pay the loss Mr W wanted to be compensated for.

Mr W didn't agree with the assessment. He requested for his complaint to be escalated. He raised further points. In summary he said:

- HLAM could have sold the shares immediately on 6 December 2022, and the deadline it set left no time to find alternative solutions.
- HLAM failed to evaluate and manage the risk of the transaction and take mitigation. It could have purchased alternative shares in the company, and this would have limited the losses he suffered.
- HLAM failed to manage the risk in the supply chain. He could see the value falling for a year, but he had no ability to do anything about it himself. He expected HLAM to take on the risk to safeguard his interests and ensure he wasn't left out of pocket.

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.

Having read Mr W's submissions very carefully, I'd like to make it clear that I understand his frustration at the losses he has suffered due to matters outside of his control. But my role is to consider HLAM's actions in line with what is fair and reasonable – and this includes the extent I find HLAM responsible for the failure of the sale not executing within the intended timescale.

I've reviewed the available evidence relating to the initial issue that prevented the shares being sold as intended in December 2022. I note that HLAM received little notice from the custodian it used that it would no longer support the shares in question. I'm satisfied it did contact Mr W quickly to clearly explain the situation once it became aware, and the options available to him. I've seen that a hard deadline was set by the custodian, which HLAM had to agree to.

I also think it was reasonable for HLAM to allow customers to have time to decide what was the best option for them and provide a default option if it received no reply. I appreciate Mr W says it could have sold the shares immediately, and in hindsight that would have been better for him. But the fact it provided options with as long a window as it could agree with the existing custodian, indicates that it was acting in Mr W's interests. Also, Mr W was given the option to request an immediate sale by HLAM but he didn't select this. While I agree this is his choice, and nobody anticipated the later problems that occurred – equally I don't think it is reasonable to hold HLAM responsible for a mistake for not just selling the shares when it first gave notice.

Ultimately the key reason the sale didn't complete as expected was due to the market maker pulling out of the transaction late in the day. I've seen that HLAM did attempt to find alternative markets for the shares, but this proved unsuccessful. When considering all of the circumstances – including the short notice it had, the desire to give options with a deadline

and the market maker pulling out close to the deadline, there was little it could have done to prevent the transaction not completing. I haven't found HLAM at fault for the shares not being sold by the initial date as I'm satisfied this was due to matters outside of its control.

But it did take a further year for the shares to be sold, and this had an impact on Mr W due to the share price falling during this period. HLAM says this was due to the complexity of the situation and the fact it had to onboard an overseas broker specifically to facilitate the sale of the affected holdings. It says this was the first time it had to enact terms of business with an overseas broker in order to dispose of holdings and so the process took an extended period of time.

HLAM did face challenges when establishing the relationship with an overseas broker. It needed to consider its legal, tax and compliance obligations before establishing a solution, particularly as it needed to protect both its own and its client's interest when establishing the new relationship. It had to negotiate terms for the sale of the specific type of stock Mr W was selling. It has explained that there were hurdles it encountered during this process – including unforeseen issues relating to taxation documentation. I've seen that it was making attempts over the period to find a solution that would allow the sale to complete. This was eventually achieved in December 2023 when an agreement was reached with the overseas broker. It is very unfortunate that the share price moved against Mr W during the period, so I understand why he is upset that matters outside of his control have caused him losses.

I acknowledge Mr W believes that better risk management and mitigation planning could have prevented his losses. But I'm not persuaded that HLAM could have reasonably anticipated the problems that occurred. To find HLAM responsible for the losses Mr W claims, I would need to be satisfied that these resulted from an error it made. But having reviewed, the available evidence, on balance I find the events that took place were outside of HLAM's control. In hindsight, I appreciate both HLAM and Mr W would have made different choices in how to deal with the shares, but I don't think this means the complaint should be upheld.

It does seem Mr W could have been kept better updated during 2023. He didn't always have information to explain what was going on and he had to chase to find out. This was stressful as he was aware the value of his shares was going down, and he couldn't do anything about it. HLAM has accepted its handling of the situation did impact Mr W, and I note that it has already paid him compensation of £250 for this. I think this was a fair and reasonable thing for HLAM to do in the circumstances and fairly compensates Mr W for the impact.

I'm satisfied from the information that HLAM has provided that it used reasonable endeavours to try to complete the sale of the shares in line with the initial timescales – but events outside of its control meant the time to complete the transaction extended for significantly longer than anticipated. So, for the reasons explained, I don't think it is responsible for covering the losses Mr W claims – and I don't find it needs to do anything further.

My final decision

I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 11 July 2025.

Daniel Little
Ombudsman

