

The complaint

Mr W complains about Hargreaves Lansdowne Asset Management Limited (HLAM). He said HLAM's marketing of a new range of funds was misleading, that led him to invest in other similarly named investments.

Mr W said he has lost out financially and would like HLAM to compensate him.

What happened

Mr W has a trading account with HLAM. He received messages from HLAM about a launch of new 'multi-index' investment funds. The launch offer to him as a customer was that he could buy units in the new funds for £1 each, between 13 May 2024 and 5 June 2024.

Mr W received several secure messages from HLAM during the offer period. The messages stated that Mr W would need to invest before 5 June 2024, to take advantage of the offer price. Mr W said he moved money around and invested before the deadline, but when he did so, the buy in price was between £1.10 and £1.15 a unit, and not £1 as had been advertised.

Mr W sent a message to HLAM, after he had invested his money in the more expensive funds, on 3 June 2024 and questioned the price discrepancy. After some discussion, it had become apparent that Mr W had invested in the wrong funds and instead of signing up for the new funds as he wanted to, he instead invested in similarly named investments that had been trading since 2023. Mr W wanted to invest in HLAM's new Multi-index funds but instead had invested in HLAM's Multi-managed funds.

Mr W said the marketing for the new funds was misleading and it caused him to make the error. Mr W complained to HLAM about this, but it didn't agree with him, so he referred his complaint to our service.

An investigator looked into Mr W's complaint and concluded he wasn't going to ask HLAM to do anything further. He said he was satisfied the name of the new funds was clearly set out on the marketing emails, on the app and on HLAM's website. He said the app had a click through to the website with a link to the new funds. He finally concluded the funds hadn't been launched, and this is why Mr W couldn't invest in the app. He didn't uphold Mr W's complaint.

Mr W was not in agreement with the investigator's view. He said he was extremely disappointed and reiterated HLAM's marketing was misleading. He made the following points for me to consider:

- He said HLAM had pushed on him that the app was the place to go to invest, so that is where he went to invest in the new funds. The app was the only place he invested; HL was consistently promoting the app as the place to go to invest.
- HLAM had a duty of care to ensure it told customers where they could and couldn't invest. There was confusion over this, and for this reason he felt misled. He said HLAM failed to provide any clarity about how to invest in the new funds.

- He said the names were very similar regarding the funds he wanted to buy and the ones he invested in erroneously. He said using the same descriptors regarding the levels of risk attributed to each fund, only served to underline how easy it was for a customer to get confused about what they were purchasing.
- He strongly felt that as a customer acting in good faith, HLAM should make right what had happened, as he had been misled by aggressive advertising in the app, about the funds and where he could buy them. He felt HLAM should have been clear in one of its messages that it wasn't possible to invest in the app.

Because the parties are not in agreement, Mr W'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.

Mr W has been clear about what the crux of his complaint is. He said he had been misled by HLAM about its multi-index fund, that it launched during May and June 2024. He said it was HLAM's misleading marketing that led him to erroneously buy the wrong funds. I have carefully read his arguments about this. But after doing so and reading all of the documents that have been submitted by both parties, on balance, I've decided to not uphold Mr W's complaint. I will explain why.

HLAM decided to launch what it called its 'Multi-index' fund. Prospective investors could choose between a series of these funds, with a different risk rating attached. HLAM had a pre-trading launch offer for customers, that lasted between 13 May 2024 and 5 June 2024. The offer being that any customer could apply for units with it at a launch price of £1 a unit. It then went about advertising these funds to its customers through secure messages, something Mr W received several of, and also through its app and on its website.

Mr W said he should have been told in a secure message, that he couldn't invest in these funds on his app by HLAM. I can see the app allows HLAM's customers to trade on existing investments, and gain direct access to tradable funds, as well as shares and bonds. The reason Mr W couldn't invest in the app, was because the new funds were not trading at the time he was looking to invest in them. This was because they hadn't been launched at that point. So, Mr W and every other HLAM prospective investor wasn't able to trade in them on the app, and it hadn't set up a function on its app where it could accept applications from customers to apply for units on its new funds.

Instead, as part of the rules of the launch and offer set by HLAM, for its new funds, prospective investors needed to contact it through its website or on the phone to place an instruction and request a number of units as part of the launch of the fund at the arranged price. I don't think there is anything unusual with HLAM requesting this, and it was entitled to set up its processes here, in the way that it wanted to. But it did need to ensure that it communicated this in a clear, fair and not misleading way to Mr W.

I can see HLAM advertised its offer through its app, with banner ads, where it prominently displayed the price and set a link, so that any prospective investor could click on this and be taken to its website. I can see that HLAM has been clear here about the offer and where Mr W needed to go to register his interest in these funds. So, I think on balance, it did on this occasion, provide Mr W with clear information about what he needed to do to invest in the new funds.

Mr W instead bought units in tradable funds that had been launched by HLAM in 2023. I do have regards for why Mr W said he did this and have thought carefully about the points he has made. But, I have also considered the following:

- The new funds were not live, or trading and they were not at the stage Mr W invested erroneously in his funds, launched. So, the new funds wouldn't have been on the app until after launch on 6 June 2024. I think this would have been clear from the marketing material provided about the new funds and the launch offer that HLAM was promoting.
- Mr W bought in at a higher amount than the special launch price of £1. I appreciate that he emailed HLAM with his concerns, but he did this after he had invested his money into the funds. HLAM made the price of the launch offer very clear from the advertising material that I have seen that I think ought to have alerted Mr W that he was not investing in the new funds in question.
- Banner ads on the app where Mr W invested in the erroneous funds would have taken him to the website and to the area that he could have signed up for units in the new funds. It also prominently displayed the launch offer price of £1, showing him what units in the new funds would cost him.
- Secure messages sent to Mr W would have displayed clear information about the offer and price, and he could have clicked on any of these to be redirected to the right place to put in his instruction. There were also advertisements displayed on HLAM's website too.

Mr W said HLAM misled him into buying the tradable funds, but after considering all of the circumstances of his complaint, including the findings I have made above, I am not persuaded this was the case, and instead, on balance, I think on this occasion Mr W simply made a mistake.

I do have some empathy with Mr W about this and why he invested his money into the HLAM Multi-managed funds rather than the Multi-index funds. I do think the fund names are similar in how they are described, and in the risk ratings it has used. However, I don't think I can fairly say Mr W invested in these funds, because HLAM were misleading in their marketing, as he has suggested, for the reasons I have given.

I appreciate that my decision will be disappointing for Mr W, and I acknowledge the strength of his feelings in the submissions provided. But based on everything I have read and the findings I have given, I don't uphold Mr W's complaint.

My final decision

My final decision is that I do not uphold Mr W's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 5 June 2025.

Mark Richardson
Ombudsman