

The complaint

Mr K's complaint is about the Stocks & Shares Individual Savings Account ('ISA') he opened with Hargreaves Lansdown Asset Management Limited trading as Hargreaves Lansdown ('HL') in May 2021. He says the charges associated with the ISA lack transparency and that his reasonable requests to HL for a *line by line* explanation of the charges, for the understanding of a lay person like him, have not been met. As a result, he considers that he either has not been helped to understand the charges or his ISA might have been overcharged. He finds that there is no explanation for the growth in the value of its contents not being reflected in the net value of the ISA.

Halifax disputes the complaint. In the main, it says the ISA is provided on an execution only basis so it has no advisory responsibility; all charges were within the terms that Mr K read and understood, and confirmed he understood, when he signed up to the ISA; all contract notes include information on transaction related fees; it has responded to his enquiries by giving him relevant explanations of the charges; and it has issued £100 for its initial communications not reaching its high standards, but it engaged with him correctly and significantly thereafter.

What happened

The complaint's facts include cross correspondence between the parties in late 2024, covering Mr K's enquiries and HL's replies, and its response to his complaint. They included the following –

15 August – HL provided links to its online tariff of charges (in its Terms and Conditions) and to online pages for its dealing and platform charges, plus summarised explanations of its platform fee, the fund manager's ongoing charge, dealing charges and inactivity fees.

18 August – HL set out all fees charged, per month, in the ISA from 1 January to 31 July; explained the 0.45% Annual Management Fee ('AMF'), capped at £45 per year, for certain asset classes (including shares gilts and single corporate bonds), and the separate tiered and uncapped fee that applied for funds depending on value; and it explained how Mr K could view the fees in his ISA online by using the 'My Accounts' page.

[Mr K has noted that reference to the online page was repeatedly made by HL, to which he repeatedly said he only used the app, not the online portal, but no meaningful guidance was given to him in relation to the app.]

2 September – HL's complaint response included;

"... you pay an [sic] platform fee or "management fee" for holding investments in this type of account. Our management fees are charged on a monthly rate and are calculated based on the value of your holdings at the end of the month. We'll then start to attempt collection within the first 10 working days of the next month. The management fee is based solely on the value of the holdings on the last day of the month and not based on whether you have bought or sold units in an investment in that timeframe.

With regards to holding funds (unit trusts and OEICs) within an HL Account, for the first £250,000 of funds within each applicable account (i.e. Stocks & Shares ISA), the charge will be 0.45% per annum. This will be 0.25% p.a. on the value of funds between £250,000 and £1m. Between £1m and £2m this will be 0.1% and there will be no charge on the value of funds above £2m. For fund investments therefore, the only cap on the management charge is when you hold in excess of £2 million in this type of investment which is not the case for your account currently.

When you hold equities (shares, investments trusts, ETFs, gilts & bonds) within an HL Account, the annual management fees are different. This varies for each type of HL account but for the HL Stocks & Shares ISA you hold you pay 0.45% per annum (capped at £45 per annum). At this time, you also do not hold sufficient of these type of investments to reach this £45 per year cap.

Using a recent management fee charged for your HL account as an example (31 July 2024) you were charged £23.49 based on the value held on this date. This is based on holding £54,240.69 worth of funds (Baillie Gifford China, Baillie Gifford European, Legal & General Global 100 Index, Legal & General US Index & Sanlam Global Artificial Intelligence) and £7,271.62 of shares, investment trusts, bonds and ETFs (International Consolidated Airlines Group, Microsoft, Novo Nordisk & Tesla). The total fee for holding funds based on this was £20.716157 whereas for holding shares, investment trusts, bonds and ETFs this was £2.777252. This combined rounded to the nearest pence is £23.49.

Separate to your management fees, you may pay dealing charges depending on the type of investment you are purchasing/selling. My colleagues previous outlined these rates in their message of 15 August 2024. But I have provided further information on this for your convenience and understanding.

The online equity (shares, investments trusts, ETFs, gilts & bonds) dealing charge is determined by the number of deals you placed in the previous calendar month. The charge you pay in February, for example, will depend on the number of share deals you place in January, and we count deals placed across all the accounts held under the same client number.

Share deals in previous month > Dealing Charges for the following month (per deal)

*0-9 deals > £11.95
10-19 deals > £8.95
20+ deals > £5.95*

There are no dealing charges when dealing in funds (unit trusts or OEICs) so fund deals do not apply when calculating the number of share deals to qualify for a reduced dealing charge the following month.

As per the above, these are not included in the management fee breakdown listed above and thus would not be included in this management fee calculation. So any caps on management fees that are applicable would not be relevant for calculating dealing charges. You can view how much of a dealing charge you paid on each transaction by viewing the trade details within your account. We also include this information in your investment report which we issue on a quarterly basis.

Outside of our HL management charge and dealing charges, when you invest in and hold a fund with Hargreaves Lansdown you have to pay ongoing charges to the fund manager. Details of the fund manager's ongoing charge can be found in the fund's factsheet in the 'Funds' section of our website.

When sending your investment report on a quarterly basis, we will outline how much you have paid to the fund manager for each investment held across the relevant period. But this charge is taken directly by the fund manager themselves and is not a HL charge. As such, our management fee caps have no bearing on this.

I have arranged for a fee account transaction statement to be issued to you via post for the period since the start of the 23/24 tax year. This will display the HL management fees charged and taken from your ISA from this period. This will not include the details of any dealing charges or fund manager charges you have paid.

I have also requested that investment reports be issued to you which outline the full charges you have paid across this entire period as well. This will also reference the management fees which have been charged and taken across this."

13 September – HL addressed Mr K's enquiry about FX fees, and said;

"I am sorry that you feel that my previous response didn't sufficiently refer to the FX charge. In my previous message I referred to my colleagues previous message sent on 15 August 2024 which contained a link to our full dealing charges section of our website. Within this section of our website, this referred to the FX charge you would pay for trades in investments listed overseas.

When you deal the share price is converted into pounds at the prevailing interbank exchange rate, by a UK-based market maker. You'll pay a foreign exchange (FX) charge and our standard dealing commission. If you are not trading an investment that is listed in a foreign currency you do not have to pay this charge. Whilst I empathise with your comments on this, I cannot agree that we do not make this information available to clients online and in our messages to you. Furthermore, when placing a trade in an overseas share, we confirm the FX charge (if applicable) prior to you accepting the trade so you will have been made aware of this before any relevant purchases."

Part of the cross correspondence also related to specific questions Mr K had about the contents of the investment report and about the impact of fees on performance in the ISA, which HL also addressed.

HL has shared with us examples of the investment report – copies of the August 2024 and November 2024 reports. Each has an information sheet, around half of which is occupied by two sections entitled "*How is the cost figure and gain/loss calculated?*" and "*Why is the cost figure slightly less than the amount I invested (Equalisation)?*". Each report includes detailed asset valuations with costs and an itemised transaction statement with fee transactions included.

HL has also shared an example of the ISA's fees account statement covering the period 4 April 2024 to 12 September 2024, detailing all AMFs deducted in the period.

We also have access to the relevant terms and conditions for the ISA, on the provisions for fees and charges associated with the ISA.

One of our investigators looked into the complaint and concluded that it should not be upheld.

He went through the available information on the fees associated with Mr K's ISA and did not consider them to be unclear or insufficient. He also cited an example of charges applied and showed how the calculation of the charge was correct.

Mr K disagreed with this outcome and asked for an Ombudsman's decision. He considered that the investigator had misdirected himself because he had not addressed his main point about the lack of transparency over fees. He also considered that he should not have to work backwards through fees that have already been charged in order to know whether (or not) he has been overcharged.

The case was referred to an Ombudsman.

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 done so, I have reached the same conclusion expressed by the investigator.

I note Mr K's confirmation that his complaint is about transparency over the fees associated with the ISA, and I consider that such transparency appears to have been what HL and the investigator addressed in their responses to the complaint.

On balance, I do not find any ground to agree with Mr K that the fees associated with his ISA are unclear. There are a number of those fees, so there is a body of information for him to consider and understand, but I do not find that the information about them is unclear or inaccessible – especially as HL appears to have gone to the extent of taking him through the more common and relevant ones, and also because, depending on the ISA's activities, it would seem unlikely that all the available fees would apply to his ISA.

In his complaint referral, Mr K made clear that he does not allege that money has gone missing from his ISA and that he does not make a firm allegation that he has been overcharged. Indeed, his point is that he feels he does not know whether (or not) he has been overcharged because the fees and charges applied to his ISA are unclear. Therefore, as he says, the main complaint issue is transparency of those fees.

I have read and understood the part of the cross correspondence in which specific matters about the investment reports and about the impact of fees on performance were addressed, but in the absence of a clear and specific allegation about a wrongdoing in either respect that has been put to HL in a complaint, there is nothing for me to determine.

I have used the quotes in the section above to illustrate HL's complaint based explanations about the fees associated with the ISA. They stand in addition to the full information about fees in the terms and conditions agreed by Mr K. They also stand in addition to my summary of the different fees HL dealt with and explained in its 2024 communications with him.

His point about the online My Accounts page does not persuade me. If, as he claims, he sought to understand the fees, I do not consider that he could reasonably have avoided looking into the page, if that is what he did, after being told relevant information was/is within it – just because, it appears, he had a preference for using the app. I believe he has argued that HL did not guide him on using the app for this purpose. If I have understood the argument correctly and if it is true that HL did not give guidance on using the app for the My Accounts page, my consideration still stands. I would expect him to have been pragmatic about the matter and to use the online portal as instructed to, just to obtain the information that he was told would help.

The agreed terms are an unavoidable aspect of his complaint, because it is arguably conflicting for him to have given the undertaking that he read, understood and agreed to

those terms if, as it appears, he now says he did/does not understand the charges and fees related provisions within those terms. It could be said that both cannot be true. Either he understood the provisions, and the terms, as part of his agreement at the outset – in which case, his present claim would be called into question – or he has never understood, and still does not understand, the provisions, which prompts a question about why he agreed them.

Having said the above, I am sensitive to the reality that commonly exists in these scenarios where customers might not fully read and understand terms they agree to but agree to them nevertheless, because they consider they have a sufficient general understanding of those terms (or even assumptions about those terms) to do so. I make no finding on whether this is right or wrong, but I consider it to be common. Common enough for it not to be out of the ordinary for enquiries for clarification like Mr K's to arise on terms previously agreed and perhaps previously thought of to have been understood. In this context, and in his case, we would still expect HL to make meaningful effort to aid his understanding of the matters he queried.

Overall and on balance, I consider that HL applied meaningful effort to explain the charges and fees Mr K sought clarification of, and I further consider that its explanations were sufficiently clear and sufficient in content.

I have reflected evidence of its explanations above and, as I said, they were in addition to the relevant provisions in the agreed terms, which HL also referred Mr K to. I consider that they make sense and can be understood by a layperson, and that they ought reasonably to have given him tangible help in understanding the investment reports and fees statements. It is noteworthy that there would have also been charges related information in the contract notes for his transactions. In other words, armed with awareness of the meanings of the main and relevant fees, and with information on where, when and the extent to which they apply – all of which I consider he was given – he ought reasonably to have better understood the charges and fees contents of the reports and statements.

His request for a 'line by line' explanation suggests a forensic treatment (and explanation), by HL, of each and every fee entry in any and/or all of the reports and/or statements he wished to query. On balance, I am not sure this would have been reasonable or practical, in terms of use of HL's resources. More importantly, I am satisfied that this is something he ought reasonably to have been able to do himself, with the information HL had explained to him and the other information he had access to. Indeed, there are parts of his ongoing enquiries that suggest he understood enough to engage in something akin to a debate with HL about the application of some of the fees. This is not a criticism, he was fully entitled to question what he wished to question and to engage in any such debate, but neither automatically means the information he was questioning or debating was unclear.

If Mr K needed advice on the fees in the context of his portfolio's performance, that went beyond HL's execution only service.

HL has explained the £100 offer/award as follows – *"HLAM acknowledge that in [Mr K's] initial communications with our Helpdesk, we could have been clearer in the information we provided and our service fell short. In recognition of this, HLAM have offered £100 ... by way of apology ..."*. I do not find that this concession, on its own, is enough to say the complaint should be upheld. HL is apologising, and offering an award, for a specific part of the early events concerning its Helpdesk's communications. The substance of the case went beyond that, and featured the cross communications and available information that I have mentioned above, so this award is arguably remote to the main transparency allegation that Mr K has made and that HL properly addressed.

My final decision

For the reasons given above, I do not uphold Mr K's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 28 October 2025.

Roy Kuku
Ombudsman