

## **The complaint**

Mr C complained about Hargreaves Lansdown Asset Management Limited (HLAM). He said HLAM has mismanaged his account, creating a negative cash balance. He said he had to top up his account to rectify this. He said HLAM should pay him compensation for the losses he has incurred.

## **What happened**

Mr C held an account with HLAM. He said his account has on several occasions been in a negative balance due to mistakes that HLAM has made. He said he has needed to top up his account to ensure he hasn't got a negative balance. He said he thinks he has incurred losses of up to £5000 due to mistakes made by HLAM. He said HLAM should pay him compensation for this.

HLAM said in response that it is aware why Mr C's account has been going overdrawn and this is because there can be a short delay when he requests a fund switch, between the sell and buy parts of the switch.

HLAM said it is possible to submit other buys using the cash before the switch is completed, and when this happens it creates a negative balance with the account. It said it has taken remedial action to restore a positive balance on account as it has not been able to permit a negative balance, under its terms and conditions. It said it has acted under its terms and conditions here.

HLAM said it is the case that the accounts team has undertaken corrective action and it is not the case that it has misappropriated the cash Mr C holds with HLAM.

HLAM gave examples of when Mr C topped up his account due to an overdrawn balance, and why this was the case. It has also given an example of a time it needed to take corrective action by reversing a trade due to a negative balance being created, in a scenario described by HLAM above. It explained that if it identifies there is a negative balance, it will review the associated trade that caused this and if needed, complete a reversal.

HLAM said it has reviewed secure messages it has sent to Mr C and can assure him it hasn't tampered with any of them.

HLAM said in conclusion, that it can see that this all has been a matter of frustration for Mr C and it apologised. It said for the distress and inconvenience it has caused in dealing with his complaint, it arranged for £150 to be applied to his bank account.

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

An investigator looked into Mr C's complaint. He said he felt HLAM dealt with Mr C's complaint fairly and reasonably. He explained the complaint as he saw it, about what had occurred with fund switches and why Mr C was at times in a negative balance. He concluded, based on the information he had, HLAM were acting on an execution only basis, and so in the circumstances it was Mr C's responsibility to monitor his own transactions.

The investigator then referred to the terms and conditions that were associated with the account that showed HLAM could take corrective action if needed. He said after reviewing everything he couldn't see any evidence of HLAM misappropriating his cash held on his account. He said he was satisfied HLAM acted fairly and reasonably and in accordance with its obligations and the terms and conditions of his account.

Mr C was not in agreement with the investigator's view. So, because the parties are not in agreement, Mr C'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 C's complaint and have arrived at the same outcome as the investigator, for the same reasons. I will explain why.

The crux of Mr C's complaint is about his account balance and the times when this has been negative. Mr C said he had to put additional money into his account in order to correct this. He thinks HLAM have been misappropriating his funds, and he has lost out.

HLAM on the other hand has explained what has happened here: namely this being a delay between when Mr C's funds are switched out of a fund, and then are moved into another fund. This delay, which can be up to one working day, shows up on Mr C's balance, and in the intervening time Mr C has been investing that money into another or other funds, leaving him short to complete the original switch that he requested.

I have looked into this further and considered what both parties have said and the documents that they have provided to support this. After reading everything carefully, I can see what HLAM is saying. The explanation it has provided, tallies with how the account has functioned during the periods in question. It has provided examples of transactions in March 2024, when Mr C has topped up his account. It has shown what Mr C has tried to switch and then what he has also invested in at the same time. I can see that Mr C used the funds from his proposed switch to also invest in another fund, when the original fund switch had not completed.

I can also see something similar in May 2024, when Mr C has done the same and used the funds generated by a fund switch, to invest in another fund, during the switch, when it hadn't been completed. In this instance HLAM reversed the purchase on 13 May 2024. I can see why it did this: because the money Mr C used, formed part of a fund switch that he had requested. If HLAM hadn't have taken corrective action here, then Mr C would have created a negative balance. He would have done this by switching one of his funds *and* buying units in another investment with the same proceeds he requested be used to complete the switch.

When I see what has happened here, I don't think Mr C has lost out like he says he has. He hasn't incurred any investment or other losses. It is the case instead, that he has been trying to invest money temporarily on his account to buy units in new investments, that he had already requested be used to switch into another fund.

Ultimately HLAM is providing an execution only service to Mr C and within the terms and conditions of his account, it has made it clear that it is up to him to ensure he has enough funds in his account to pay for the instructions he is making to buy and switch his investments.

I have read through the terms and conditions and can also see, in particular with terms A11 and A21, that HLAM can make corrective actions where necessary to ensure that Mr C doesn't go into a negative balance. It needs to have the tools at its disposal to do this, so that Mr C doesn't breach the terms of his own account, but also it is within the rules set by HMRC that an investment ISA shouldn't be in a cash deficit. I can see that HLAM took corrective action to ensure Mr C did not go overdrawn on his account, and based on what I have already found, I don't see that it did anything wrong when it did so.

Mr C has also complained that HLAM has tampered with emails containing correspondence between them. I have not seen any suggestion of this, with what I have seen or read.

Finally, HLAM has paid Mr C £150 for what it said was a payment for distress and inconvenience. HLAM has said in its correspondence that it has already paid this. I don't have any comments or findings to make about this, other than it seems to have already been paid, and if it hasn't Mr C should contact HLAM directly about this.

In summary, I don't think HLAM has made any mistakes with the way it has administered Mr C's account. It has taken corrective action to avoid Mr C going into a negative balance, under the terms and conditions associated with his account. I don't think it did anything wrong when it did so. I don't think Mr C has lost any funds, or lost out for anything done by HLAM here, so I won't be asking it to do anything further.

I appreciate that my decision will be disappointing for Mr C, 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 C's complaint.

### **My final decision**

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 27 December 2024.

Mark Richardson  
**Ombudsman**