

## **The complaint**

T and Mrs B complain that Hargreaves Lansdown Asset Management Limited (HLAM) delayed the transfer of investment funds into the beneficiary's account and mishandled the process.

## **What happened**

Two trust accounts were set up with a beneficial interest for two minors. This complaint refers specifically to one who I will refer to as 'NB'.

Following a sale of shares from the investment portfolio, HLAM were instructed to transfer funds from the general investment account to NB. As NB was not eighteen years old, the transfer had to be delayed until December 2023, so the trustees wrote to HLAM instructing a transfer to a personal account. No transfer was made by December 2023, so the trustees sent a follow up letter in January 2024.

As no response was received, the trustees made a formal complaint to HLAM in March 2024.

HLAM made the transfer to the nominated bank account for the trust, the trustees' account. The beneficiary was always intended to be NB and this is noted, however, the account information available to HLAM shows the beneficiary was a minor at the time the investment was made in June 2014, so the funds were transferred to the trustees. The trustees say the instructions given in 2023 and 2024 were not followed through and HLAM continued with a number of errors, failing to correct the account transfer error in a timely manner.

In June 2024, it was clear from the statements the trustees received, the transfer to NB had still not been corrected. This continued a further month with additional payments being incorrectly deposited to the trustee account. The trustees say they were never informed in advance of the transfers which caused delays of around eight weeks between each deposit.

They raised concerns about the potential tax implications of these transfers to the trustees' bank account and the fact that NB had not been able to benefit from general access to the funds and to take advantage of the high interest rates available in the market.

In the final response letter in August 2024, HLAM accepted administrative errors in not responding to the initial withdrawal request in December 2023 and offered to pay £200, but they state there was no error made in the transfer as they could not withdraw directly to NB's bank account.

Unhappy with this response, the trustees brought the complaint to our service.

After this Service's involvement, HLAM wrote to us accepting the errors made and offered to pay £400 by way of an apology for delays in processing the withdrawal request. They also offered to pay 8% interest on the total £10,000 funds from 25 January 2024 when the address details were validated to 18 July 2024 when the payment was made to the trustees'

bank account. This was 176 days in interest at £385.74, bringing the total compensation offered to £785.75.

The trustees rejected this offer saying it didn't deal with the issues of the transfer to the wrong account, that she didn't have access to these funds for university or that NB still did not have access to the trust account even though she was already over eighteen years old.

An investigator at this service considered the complaint and agreed that the trust received poor customer service and there were multiple errors in relation to the withdrawal request. However, he was satisfied that HLAM's updated offer was reasonable. He also said HLAM should write a letter regarding the potential inheritance tax implications for HMRC to consider.

The trustees didn't agree with the investigator, so this came to me for a decision.

### **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.

Since the investigator issued his view, I have also been provided with further information from the trustees in response to the view. I'm likely to disappoint the trustees when I say my decision is broadly similar to the investigator's view.

It is important to outline that my role here is not to comment on every point complained about, but to consider the complaint and assess based on the evidence available whether HLAM have acted fairly and reasonably. If I decide HLAM have been unfair, and there has been an impact because of this, I will consider how best to remedy the situation.

There is no dispute that HLAM have not provided the appropriate level of customer service and that administrative errors have occurred. It is also not disputed that the beneficial interest of the trust was always intended to be NB and once she reached the age of eighteen, she was automatically entitled to the assets in the trust. The question here is around what HLAM should have done and whether this was carried out correctly. So, I have started by considering whether in transferring funds to the trustee's account, HLAM made an error.

The account application clearly states the procedure for transferring investments from trust - that a transfer of funds would be made to the nominated bank account. This was noted to be the personal account of the trustees. So, I don't think in following this process they did anything wrong.

HLAM separately wrote to the trustees in August 2023 stating the requirements for transfer of funds where this was not being transferred to the nominated bank account. It says,

*"In order to transfer the investments into their own name, we'll require the beneficiary to complete a HL Fund and Share Account application form to set up an account in the own name.*

*This needs to be sent to us with a letter signed by the trustee(s) of **my amendment** Trust instructing us to transfer the assets from the designated account to the beneficiary's own Fund and Share Account."*

The trustees didn't act on this and there doesn't seem to be any follow up on this from either party. However, I also take on board the point that the instruction to transfer the funds into

NB's account was already given in advance of the transfer. The bank details for NB were provided to HLAM in August 2023 and again December 2023. It was evident from this that the trustees had no intention to receive the funds into their own account. HLAM failed to follow up on this instruction in NB's case, or advise them of the correct process for the transfer to NB.

I know the trustees feel strongly about this particularly as the transfer process followed for the other trust they had set up with HLAM was different. But I need to look at the particular circumstances of this case and what I can do to remedy this situation. HLAM are entitled to set their own rules and procedures for the way they effect a transfer and it is not for me to tell a business how it should operate. However, here it is evident they failed to follow through with the instructions of the trustees in effecting the transfer to NB and manage this once the error had been discovered.

I also acknowledge the points raised about lack of access to funds and not being able to utilise these as desired. In recognition of the failings on their part, HLAM offered to pay £400 compensation as well interest at 8% bringing the total compensation to £785.75.

I know the trustees want HLAM to reverse the transfer, but this is not possible as the funds were already transferred into the trustee accounts some time ago, so I do think HLAM's offer is a reasonable resolution to recognise what has gone wrong. The compensation amount is fair, adequately compensating for the impact it's had and is in line with the award we would make at this service.

In terms of the potential tax implications, as the investigator has said, HLAM should write a detailed letter for the purpose of clarifying the situation to HM Revenue and Customs explaining the trust was set up with NB as a beneficiary and the funds were always intended for the benefit of NB and not the trustees. The transfer to the trustee account was simply because the beneficiary's own Fund Share Account had not been set up in error.

As such, I will not be asking them to do anything further.

### **My final decision**

For the reasons given above, I do not uphold this complaint against Hargreaves Lansdown Management Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask T and Mrs B to accept or reject my decision before 28 November 2025.

Naima Abdul-Rasool  
**Ombudsman**