

The complaint

Mr S complains that Hargreaves Lansdown Asset Management Limited (HL) caused delays in paying his tax-free cash sum from his Self-Invested Personal Pension (SIPP), which he wanted to reinvest, causing him investment losses and inconvenience. He wants compensation for the losses.

What happened

Mr S requested HL pay him his maximum tax-free cash sum of around £175,000 from his SIPP on 30 October 2024. He says he'd sold investment holdings in order to fund this and intended to immediately reinvest with HL in a "*Fund & Share*" account. HL acknowledged receipt of his request on 5 November 2024, but despite him chasing HL, Mr S didn't receive the tax-free cash until 2 January 2025. He says holidays then prevented him from reinvesting this until 11 January 2025, although it was 15 January 2025 before funds cleared into the Fund & Share account. He says whilst the value of his SIPP increased between 30 October 2024 and the 2 January 2025, the element held in cash had lost out on growth as the reinvested funds of £145,001 would have increased by around £2,650 during the delay.

Mr S complained about the delay and the losses caused. HL accepted the complaint in part and apologised for causing delays. It offered Mr S £100 in compensation for this, which it subsequently increased to £350. But it said it didn't believe it had caused investment losses, given the increase in value of his SIPP after 30 October 2024.

Mr S referred his complaint to our service and our investigator looked into it and she said it should be upheld.

Our investigator said HL had advised Mr S it's service standard to process withdrawal requests like paying tax-free cash at the time was 15 working days. She said this was a reasonable maximum timeframe for funds to have reached him, so by 20 November 2024 at the latest. She said after Mr S received the payment it took him around 15 days to reinvest this, and whilst he was on holiday for some of this time it was fair to assume he would have taken a similar time had the funds been paid sooner. Which meant the reinvestment would have been made by 5 December 2024. She said HL should undertake calculations to see if Mr S had suffered a financial loss by comparing the value of what could have been invested in on 5 December 2024 with the actual investments made. She said the £350 compensation already offered by HL was fair in the circumstances.

Mr S said it wouldn't have taken him 15 days to reinvest if he hadn't been on holiday, which had added time because of concerns over secure internet connections to set up the Fund & Share account and transfer the money into it.

HL also didn't agree. It re-iterated that the value of the SIPP had increased during the delay it was responsible for. And it said Mr S had caused some delay himself, which indicated he hadn't wanted to immediately reinvest his funds. It said when Mr S completed the request to take his tax-free cash, he opted to have this paid out to his bank account rather than directly to a Fund & Share account, which was an available option. And that Mr S hadn't gone on to

open this account until 11 January 2025, and it was 10 working days after the tax-free cash was paid before it was reinvested.

Mr S said he hadn't been given the opportunity to invest directly into a Fund & Share account during the application. He said he attempted to set the account up on 3 January 2025 and to pay funds to it on 9 January (the first date he had secure internet access) without success, and he'd then had to call HL's helpline to complete the process on 11 January 2025. He'd then made payment by BACs into the new account which didn't clear until the 15 January 2025 and because of this he wasn't seeking compensation for losses after 11 January 2025.

Our investigator said her opinion hadn't changed.

As HL doesn't agree it has come to me to decide.

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'm upholding the complaint.

I think HL took too long to process Mr S's tax-free cash payment. It had already increased its internal service standard from 10 to 15 working days in view of additional volumes of work around speculation that the Budget in October 2024 might impact pensions. And in the circumstances taking a few days longer than the 15 working days HL had advised might not have been unreasonable. But it took HL considerably longer to process Mr S's request. When he chased HL for updates on 4 and 5 December 2024, he stressed he wanted to reinvest the money and markets were rising. But it was still nearly a month before payment was made.

And Mr S did go on to reinvest the majority of the tax-free cash in similar funds to those already held in his SIPP, which he'd sold down in order to fund the tax-free cash. So, I think it is fair that Mr S be compensated if he has suffered losses as a result of the delays. But it isn't possible to know exactly what would have happened in terms of the reinvestment being completed, had the tax-free cash been paid when it should have been.

I've carefully considered the arguments made around this. HL has provided screenshots of its application system which contains two tick box options about where the tax-free cash was to be paid. These were either Mr S's own bank account or directly to a Fund & Share account, which HL says would then be opened if one wasn't already held. Mr S says he didn't know about this and was frustrated it wasn't an option at the time. But it is a logical thing for a provider like HL to offer, so I think Mr S must have inadvertently overlooked this when completing the tax-free cash payment request.

However, I don't agree with HL's argument that this indicates Mr S didn't intend to reinvest the proceeds as soon as possible. And it did have the opportunity from 5 December 2024, when he specifically told it he wanted to reinvest with it, to let him know this potentially time saving option was available, but it doesn't appear to have done so. And it isn't reasonable to expect Mr S to have put his life on hold pending the payment of the much-delayed tax-free cash, so he would always be on hand to progress his reinvestment plans. But there would obviously be some period of time before the new Fund & Share account was opened and the money became available for investment, and this wasn't a delay caused by HL. Even allowing for his holiday break, Mr S didn't reinvest as quickly as he could have done. Given the uncertainties on both sides, I think the fairest position would be to compare the values of

the investment Mr S did buy on 17 January 2025 to what the value would have been had they been bought on 5 December 2024, which allows the same number of days (15) for reinvestment to be completed in both scenarios.

Putting things right

My aim in awarding compensation is to put Mr S as closely as possible back into the position he would have been in but for HL's errors. It maybe that he has suffered losses as a consequence of the delay in reinvestment. HL must undertake the following calculations to establish this and if a loss is shown, pay the compensation due.

- Mr S invested £145,001 through the Fund & Share Account on 17 January 2025. The current value of which is A.
- HL should calculate the current value of those investments had they been purchased on 5 December 2024 to give B. If the value of B is higher than A, then Mr S has suffered a loss and HL should pay compensation accordingly into the Fund & Share account where possible, allowing for charges. If payment into the Share & Fund account isn't possible it should compensate Mr S directly.
- HL can make allowance for any subsequent payments to or withdrawals from the Share & Fund account in its calculations.
- HL should provide Mr S with a simple calculation of how it worked out the figures.
- I think Mr S has been inconvenienced by what has happened, but I think the £350 compensation HL has already offered is fair in the circumstances of the complaint and it should pay this now unless it has already done so.

My final decision

My final decision is that I uphold this complaint against Hargreaves Lansdown Asset Management Limited.

I direct Hargreaves Lansdown Asset Management Limited to undertake the loss calculations set out above and pay any compensation due.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 18 September 2025.

Nigel Bracken
Ombudsman