DRN-5723967

The complaint

Mr S is unhappy with management fees charged by Hargreaves Lansdown Asset Management Limited (Hargreaves Lansdown) in connection with his SIPP (self invested personal pension) and he says Hargreaves Lansdown has refused to allow him to transfer his SIPP to another provider.

What happened

Mr S complained to Hargreaves Lansdown in October 2024. In his secure message he said he hadn't been paying into his pensions with Hargreaves Lansdown for several years but he'd still been charged management fees. He wanted to manage his pensions himself and he didn't need Hargreaves Lansdown to manage pensions he was no longer paying into. He wanted management fees to be waived and for '*hard copies of his pensions*' to be sent to him so he could manage them directly.

Hargreaves Lansdown responded on 23 October 2024. It set out the range of services its charges enabled it to provide. It referred Mr S to its SIPP Charges page on its website. And to its Funds page for details of the savings offered for some funds. It said all the investments were held in nominee form and withdrawing shares in certificated form wasn't something that Hargreaves Lansdown facilitated. If there was an alternative provider who did, Mr S could request a transfer to that provider. Alternatively he could withdraw from his pension. Hargreaves Lansdown set out his options about that. And gave a number of links where further information could be accessed.

Mr S responded to say he didn't use the items listed that the management fees went towards. He didn't think he should have to pay a management fee for things he didn't use. And, as he didn't pay into his pension, there was nothing that required managing. He wanted to complain and he said Hargreaves Lansdown should waive all its management fees.

In its final response Hargreaves Lansdown said the annual fee Mr S was being charged was for holding his assets and was a proportion of the value of his fund holdings. There was no charge for some other aspects of Hargreaves Lansdown's service. The current fee structure had been implemented in 2014 and Mr S had been notified in writing. Investment reports had been sent biannually and more recently quarterly which either included the terms and conditions or said they were available online. Since 2019 the Spring investment reports had included a full breakdown of charges. Hargreaves Lansdown had been clear and transparent about the fees charged. Mr S had the option of transferring his SIPP to another provider if he was unhappy with the fees and there was no charge for transfers out. If he found a new provider more suitable for his needs he should contact Hargreaves Lansdown's Helpdesk who'd be able to assist him in transferring out. In the circumstances, Hargreaves Lansdown wouldn't be lowering or removing the management fees.

Hargreaves Lansdown also said Mr S had made a similar complaint in 2021. In a letter to him on 29 March 2021 Hargreaves Lansdown had said, although Mr S had said he didn't use the platform, that the management charge was based on the investments held on the platform. The fee took into consideration several administrative functions but primarily related to the security of the assets held with Hargreaves Lansdown, hence the charge was based on a percentage of the overall value. It wasn't possible to hold the investments in certificated form. They were held in nominee form and would need to be transferred to another pension provider in specie. Mr S was welcome to complete the relevant form if he wanted to transfer to another provider – a link to a transfer out application was given.

Hargreaves Lansdown also had a record of Mr S's telephone call on 30 October 2021. Fees were discussed and the possibility of transferring out or converting to cash was explained but, according to the note of the conversation, Mr S didn't want to pursue that. There was another call on 17 December 2022 in which Mr S again expressed unhappiness with the management fees and said he'd like to transfer out. It appears that transfer out information was sent to him.

Mr S referred his complaint to this service. It was considered by one of our investigators. But he didn't uphold the complaint.

His main findings were that the management fees were based on the funds held and were chargeable irrespective of whether Mr S had used some or all of the account facilities. The charges were for holding the investments and it wouldn't be fair to recommend a refund of the management fees because some services weren't used. And he didn't consider that Hargreaves Lansdown had held onto Mr S's account unjustly. If a customer didn't feel they were getting value for money for what was being charged they could leave. Mr S had said Hargreaves Lansdown had only said it would allow him to transfer in its most recent final response (in December 2024). But the investigator pointed to the letter dated 29 March 2021 and to the phone calls on 30 October 2021 and 17 December 2022.

Mr S remained dissatisfied and asked for the matter to be 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 agree with the conclusions reached by the investigator. I don't have much to add. I know Mr S is going to be disappointed but I'm unable to uphold his complaint.

Hargreaves Lansdown's management fee is charged against the funds invested on its platform. I understand that Mr S has somewhere around £75,000 in total in his SIPP, split across four funds. So he's subject to a management charge of 0.45% pa on the total amount invested. There's no management charge for money held in cash within the SIPP.

Mr S was notified in 2014 when the current fee structure was introduced. The tariff of charges forms part of Hargreaves Lansdown's terms and conditions which Mr S is bound by and which say that details of charges can be found in the tariff of charges. The SIPP key features document also refers to that. The tariff of charges shows the annual charges for holding funds (except for the types of accounts stated) as 0.45%, which is the amount Mr S is being charged, for funds £0 to £250,000. Mr S may not use or want to use some of Hargreaves Lansdown's other services. So he may think he's not getting good value for the fees he's paying. But Hargreaves Lansdown is holding his funds on its platform and that's primarily what the fee is for – the custody of Mr S's funds.

I don't agree that Hargreaves Lansdown should be expected to waive or reduce its fees if a customer is only using some of the services available. I think that's a decision for the customer – whether the fees are acceptable, given that the customer may not be using all of the services provided, or if the customer thinks they can get better value elsewhere.

Investment reports are issued regularly (biannually or quarterly) which either refer to the terms and conditions being available online or include a copy. Since 2019 the Spring investment reports include a full breakdown of the charges. Mr S is clearly aware of the charges that are being levied – he raised the issue in 2021 and got the same answer from Hargreaves Lansdown then – that it wasn't prepared to waive its fees and Mr S may want to consider moving to a different SIPP provider.

Mr S says that it's only latterly that Hargreaves Lansdown has said it will allow him to move to another provider. But it's always been open to Mr S to transfer away and I haven't seen anything to show that Hargreaves Lansdown ever told him otherwise. Hargreaves Lansdown seems to have reminded Mr S that he could transfer out several times as referred to above. And Hargreaves Lansdown has confirmed, more than once, that there's no charge for transferring away.

I note that Mr S has asked for his holdings to be transferred to him in certified form. But as Hargreaves Lansdown has explained, it can't facilitate that. Pooled nominee accounts have largely replaced holding investments in certificated form. A nominee account allows the investor to hold investments in funds (here Mr S's SIPP has units in four funds) without the associated paperwork and administration which would normally be required for direct investment and usually means that trading is faster, simpler and cheaper. I don't think, because Hargreaves Lansdown couldn't accommodate Mr S's request and told him so, that amounted to a refusal to transfer. In my view, it's up to Mr S to find an alternative provider (whether one that can facilitate certified investment or otherwise) and Hargreaves Lansdown will then be able to assist him in the transfer process.

Mr S's position seems to be that, as he was no longer contributing to his SIPP, then he doesn't need Hargreaves Lansdown to manage it for him. But Hargreaves Lansdown isn't managing the pension as such – Mr S uses Hargreaves Lansdown's service on an execution only basis. So Hargreaves Lansdown doesn't provide any investment advice and just acts on Mr S's instructions. The fee is principally for holding the investments on its platform and Mr S makes his own decisions about where he wants to invest. Hargreaves Lansdown does provide other services which Mr S does use – for example, issuing statements.

I don't necessarily agree with Mr S that simply because he's not making further contributions that means there's nothing to be done. He may not want to make any adjustments at this stage, such as switching funds, and he may not anticipate doing that in the near future. However, most investors will want to keep an eye on their investments and check performance and that the funds selected remain in line with the investor's objectives and circumstances even if no changes are instructed. But, as I've said, those sorts of decisions are down to Mr S, not Hargreaves Lansdown, and the charges don't reflect that.

My final decision

I'm not upholding the complaint and I'm not making any award.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 27 August 2025.

Lesley Stead
Ombudsman