

The complaint

Dr K complains that because of the inaction of Hargreaves Lansdown Asset Management Limited ('HL'), he's been unable to liquidate one of the holdings within his investment.

What happened

In October 2019, Dr K purchased 110 Hamborner REIT AG shares within his HL investment ISA. But, on 8 February 2021, trading in the shares was disabled through CREST (which is the UK's central securities depository, who are responsible for the electronic settlement of stock and bond transactions).

In June 2022, CREST informed participants that they would need to move the Hamborner holdings to the local market to continue trading. Although HL's Corporate Actions team were made aware of this, the process was not completed at that time.

Dr K contacted HL on 2 September 2024, explaining that he'd like to sell his holding. HL said that they had been actively working with their custodian to transfer the shares to the local market, which would enable them to trade. However, until the transfer was completed, HL explained that they were unable to facilitate the sale or transfer of Dr K's shares.

Dr K explained that he was unhappy with the situation and raised a formal complaint. After reviewing Dr K's concerns, HL apologised for the inconvenience caused by their inability to facilitate trading in the stock. They went on to say that whilst they strived to notify clients of significant changes to their holdings, there are instances where they cannot guarantee the availability of all securities for trading on their platform. In such situations, they work to transfer holdings that are no longer eligible in CREST to their global custodian, allowing access to trading in the local market. HL also said, in summary:

- Once the shares have been transferred to their local custodian, should it remain Dr K's intention to sell or if he wishes to transfer the holding to a different provider and disinvest, they have agreed to review the price he receives.
- They also said that they will consider potential redress by comparing this price to what might have been achieved when he first contacted them to sell his holding. This review is dependent upon the shares being sold within 4 weeks of trading becoming available, or 4 weeks after the completion of transfer should this be Dr K's choice.
- Furthermore, in recognition of the distress and inconvenience caused to Dr K, they were offering him £300 to apologise.

Dr K was unhappy with HL's response as they'd not given a definite time frame for him to dispose of the stock and recover his investment, so he referred his complaint to this service. In summary, he said he wanted HL to:

- Facilitate the sale of his Hamborner REIT AG shares without commission and credit the

monies to his account within two weeks.

- Compensate him for the financial loss (lost opportunity for alternative investment of the funds since he'd originally asked HL to sell them).
- Recompense him for the considerable time he'd spent corresponding with them, Euroclear and now this service.
- Put in place robust practices to notify customers of any such changes in the future and to be transparent with their customers.
- Take their responsibility of a duty of care more seriously and provide information in a timely fashion.

The complaint was then considered by one of our Investigators. He concluded that the steps that HL had taken to remedy matters were fair and reasonable. Dr K, however, disagreed with our Investigator's findings. In summary, he said:

- HL had failed in their duty of care to safeguard his investment.
- HL had failed to act on the suggestions provided to them by Euroclear.
- The £300 compensation has never been formally made. In any event, it falls short of his initial investment value in 2024 and he wouldn't have accepted it anyway.
- The minimum he'll accept by way of redress is the value of his initial investment.

Our Investigator was not persuaded to change his view as he didn't believe Dr K had presented any new arguments he'd not already considered or responded to. Unhappy with that outcome, Dr K then asked the Investigator to pass the case to an Ombudsman for a decision.

After carefully considering what both parties had to say, I decided to issue a provisional decision on the case as I was minded to reach a different conclusion to that of our Investigator and uphold Dr K's complaint. The window of time gave both parties the opportunity to provide any comments that they wanted me to consider before I reached a final decision.

What I said in my provisional decision:

I have summarised this complaint in less detail than Dr K has done and I've done so using my own words. The purpose of my decision isn't to address every single point raised by all of the parties involved. If there's something I've not mentioned, it isn't because I've ignored it - I haven't. I'm satisfied that I don't need to comment on every individual argument to be able to reach what I think is the right outcome. No discourtesy is intended by this; our rules allow me to do this and it simply reflects the informal nature of our service as a free alternative to the courts.

My role is to consider the evidence presented by Dr K and HL in order to reach what I think is an independent, fair and reasonable decision based on the facts of the case. In deciding what's fair and reasonable, I must consider the relevant law, regulation and best industry practice. Where there's conflicting information about what happened and gaps in what we know, my role is to weigh up the evidence we do have, but it is for me to decide, based on the available information that I've been given, what's more likely than not to have happened. And, having done so, I'm planning on upholding Dr K's complaint - I'll explain why below.

The crux of this case is that Dr K wants to sell his shares, but he can't – that's because HL haven't yet been able to strike an arrangement with a local custodian. HL have conceded that they could've dealt with this issue far more efficiently but as things stand, Dr K has been left in a state of uncertainty.

From what I've seen, CREST informed participants that they would need to move the Hamborner holdings to the local market back in June 2022 to continue trading. And, there's evidence that HL's Corporate Actions team were made well aware of this. But, despite being informed of the need to act, HL didn't do anything meaningful to secure a facility for their customers who held those shares to trade them. Whilst I appreciate the CREST action was outside of the control of HL, what happened next was within their gift to solve. HL have shared some internal correspondence between a number of team members that show a discussion was held about finding a remedy to the issue but then after a short while, the appetite to find a solution appears to have petered out and communication to Dr K went cold. And, whilst I suspect that Dr K's complaint has given HL a renewed nudge to try and find a solution to the problem for him (and any other consumers that HL have that hold this stock), I'm very much of the opinion that given the passage of time that's now elapsed, HL have not done enough to solve the problem.

HL were told as far back as February 2021 that trading in the shares was going to be disabled yet despite that, they failed to act – we're now 4.5 years on. Dr K has stated that he holds an account in an investment platform at another UK provider and is able to buy and sell this instrument with them. So, it appears that a solution is available; it's just that HL haven't made sufficient progress in locking that down.

Dr K has made it clear that when he contacted HL in September 2024, he wanted to sell his shares and whilst HL have explained that when they resolve the local custodian issue, they'll revert back to him and honour any price difference; it seems to me that when this might happen has been cast to the wind. I asked HL to provide me with a brief update on their progress in trying to find a remedy to the custodian problem but at time of writing, I've not received a reply.

Therefore, having considered matters carefully, in light of the fact that Dr K has now been unable to sell his shares (through no fault of his own) for over a year, I don't think it's fair or reasonable to keep him in the ambiguous position he's in any longer. I say that because Dr K's now being prevented from making any meaningful investment decisions about this element of his savings. As such, I'm planning on requiring HL to take the actions that I've set out below to put things right for him.

For completeness, I will comment on Dr K's request that I ask HL to put in place robust practices to notify customers of any such changes in the future and to be transparent with their customers. I think it's important to be clear about the remit of this service, we're not the regulator so we can't direct a business to conduct its operations in a certain manner, that's a commercial decision for them so to that end, this isn't a direction I can give.

Putting things right

Whilst Dr K has made clear that he wanted to sell his shares in Hamborner, he's not provided any evidence of what he would've gone on to invest those monies in. Therefore, I'm satisfied that the approach I've set out is fair and reasonable in the circumstances.

1. HL should purchase Dr K's Hamborner REIT AG holding off him.
2. They should use the market price at the time he approached them in September 2024.

3. HL should add 8% interest to those monies from the notional date of sale to the date that Dr K accepts my final decision.
4. HL may deduct income tax off the interest payment if required to do so by HMRC.
5. If HL are unable for any reason to purchase the stock off Dr K, they should still provide him with the monies that he is entitled to in 1. and 3. above and Dr K must then enter into an undertaking with HL that when the shares are able to be sold, he commits to passing the sale proceeds to HL.
6. HL are entitled to deduct their normal dealing fees from the transaction as Dr K would've been liable for that cost anyway.

Note – in his complaint form, Dr K stated that he tried to sell his shares in August 2024. However, I've only seen evidence that he attempted to sell them in September 2024. If Dr K has evidence that he tried to sell them in August 2024, HL should use that date instead in step 2 above.

On Yahoo Finance, the current share price of Hamborner is below the price back in August and September 2024. If during this remediation period, the price of Hamborner appreciates above the price in step 2 above, HL should compare that to what Dr K would receive in the steps above and give him the higher value.

Trouble and upset

I've read what Dr K has had to say about the impact this chain of events has had on him. I'm therefore of the view that HL must pay him £300 for the inconvenience caused. If HL have already paid Dr K the £300 that they offered him to settle the complaint, they do not need to make a further payment.

Responses to my provisional decision:

After reviewing what I had to say in my provisional decision, Dr K explained that he was "content with the findings and the decision (which is fair) and is fully acceptable to me".

HL didn't provide any further comment.

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.

As I've not been provided with any further information or arguments that's made me change my mind, it therefore follows that I've reached the same conclusion for the same reasons that I set out in my decision above.

My final decision

I'm upholding Dr K's complaint and require Hargreaves Lansdown Asset Management Limited to put things right for him the manner that I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or

reject my decision before 24 October 2025.

Simon Fox
Ombudsman