

The complaint

Mr H complains about the time taken to transfer his Fund and Share account and his stocks and shares Individual Savings Account (ISA).

Mr H says Hargreaves Lansdown Asset Management Limited (Hargreaves) delayed the transfer of the stock in his account, which resulted in him paying more in charges as he says the management and fund charges for the new provider were lower.

Mr H says he waited to see how the Fund and Share transfers were administered by Hargreaves before committing to transferring his stocks and shares ISA. He says he was cautious because it was a volatile market. So, Mr H says because Hargreaves took too long with the transfer of his Fund and Share account, this caused a knock-on delay to his ISA transfer. Mr H says the delays caused him to incur increased costs within those investments.

What happened

Mr H wished to transfer his investments from HL to another provider, this included stock in a Fund and Share account and a stocks and shares ISA.

On 15 January 2020 Hargreaves received an information request for Mr H's Fund and Share account.

On 21 January 2020 Hargreaves replied to that request.

On 23 January 2020 Hargreaves received an acceptance from the new provider, via an electronic system, accepting the in-specie (stock) transfer of one fund.

On 4 February that same firm contacted Hargreaves by telephone and indicated that Mr H had changed his instructions.

Following that phone call, Hargreaves rejected the acceptance from the new provider because of the change of instructions.

On 21 February 2020 Hargreaves received a second acceptance from the new provider for a stock transfer of seven funds from Mr H's Fund and Share account, including the single fund from the initial transfer request.

By 19 March 2020 the majority of the funds had been transferred. One remaining fund was transferred on 4 May 2020.

On 9 April 2020 Hargreaves received an information request for a second transfer from Mr H's Fund and Share account.

Hargreaves responded to the information request on 8 May 2020 and the acceptance for the transfer was received from the new provider on 10 May 2020.

The majority of the stock was transferred on 26 May 2020 and the last stock transfer took place on 12 June 2020.

Mr H complained to Hargreaves about the delay in transferring his Fund and Share account and his stocks and shares ISA.

Hargreaves upheld Mr H's complaint in respect of the transfer of stocks from his Fund and Share account. It apologised for the delay and offered compensation for the inconvenience

caused to Mr H. It noted that because it was a stock transfer there had been no investment loss as his stock had remained invested.

Hargreaves said that since the transfer had been initiated fees of £97.93 had been applied to Mr H's Fund and Share account and so it offered compensation of £150. It said that money would be credited to his bank account.

Hargreaves said the ISA transfer had been carried out within the normal time frame for this type of investment.

Mr H disagreed with the amount of compensation offered by Hargreaves. He said he had incurred higher fees as a result of the time taken to carry out the transfers.

Mr H said his total annual charges on these investments, to the end of April, were £7,608 and so he said his weekly charges were £146. He said the whole transfer process had been delayed by eight weeks due to the slow transfer of the stock in the Funds & Share account, so he estimated he had been overcharged by £1,168 (8 x £146). Mr H also said he had paid excess fees on investments purchased using his ISA, between March and June 2020, as these were made through Hargreaves instead of his new provider. Mr H estimated these fees to be about £50, making a total of £1,218. He noted this total didn't include any compensation for the inconvenience he had incurred as a result.

Mr H referred his complaint to our service.

Our investigator considered Mr H's complaint and felt that the compensation offered by Hargreaves was fair and reasonable in the circumstances. He explained that government guidance stated non-cash ISAs should be transferred within 30 calendar days and he was satisfied that the ISA transfer had taken place within that time.

The investigator said there was no prescribed time limit for non-ISA accounts such as the Fund and Share account, but we would look to see whether the transfer was carried out within a reasonable timeframe, taking into account the circumstances.

The investigator considered the chain of events for the two Fund and Share account transfers and the time taken at each stage. He noted that Hargreaves would need to receive an acceptance from the new provider before transferring any stocks. So, the initial information request wasn't sufficient to trigger the transfer.

The investigator noted that Hargreaves had accepted that the second transfer took longer than it should've done, and it had offered £150 compensation. He took into account that this was made up of the fees charged over the period since the transfer started and about £52 for the inconvenience caused to Mr H. The investigator considered that sum to be fair and reasonable in the circumstances.

The investigator considered Mr H's comments that he had waited to see how the Fund and Share account transfers progressed before initiating the transfer of his stocks and shares ISA. He noted Mr H has said this had delayed his ISA transfer.

The investigator thought as it was Mr H's decision to wait before starting his ISA transfer, Hargreaves wasn't responsible for any delay as a result. The investigator also said that we would expect consumers to take steps to try to minimise their losses and as Mr H had expressed concern about higher fees, the investigator would've expected him to start the transfer process more promptly.

Hargreaves then provided some further amended information on the fees charged to Mr H's Fund and Share account between the start of the first transfer request to June 2020 and offered additional compensation. It said the fees totalled £154.72 and it agreed to refund that sum.

Mr H disagreed with the investigator's conclusions and the amount of compensation offered. He supplied some information about the fund fees applied by Hargreaves and his new provider and said that the new provider's fees were lower.

As no agreement could be reached Mr H's complaint was referred to me for review.

We asked Hargreaves for further information about the applicable costs and fees on the stock that was transferred from the Fund and Share account, and we sent that information to Mr H.

In response Mr H provided some further information about the fees charged by his new provider and reiterated his view that these were lower than those charged by Hargreaves. He also pointed out that his new provider didn't charge management fees. Mr H included some online comments from other investors regarding the level of charges applied by Hargreaves. He said it was well-known that Hargreaves' charges were higher than those applied by his new provider.

Mr H also said he couldn't reconcile the charges information provided by Hargreaves with the information on his quarterly investment reports, which he provided.

Mr H noted that he hadn't been able to find the 21 January 2020 letter within his records but said, in any event, he felt it was of minimal importance.

Mr H also said that his new provider had sent chaser emails to Hargreaves throughout the transfer process.

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.

To recap, Mr H was looking to transfer his Fund and Share Account and Stocks and Shares ISA to a new provider.

As the investigator has described, this process started with the new provider asking the existing provider for information about the investments held. When it had received that information, the new provider would accept the transfer and the outgoing business, in this case Hargreaves, would then transfer the funds.

There is government guidance that indicates a transfer of a stocks and shares ISA should take place within 30 calendar days. However, there is no set timeframe in the guidance for other investments, such as the Fund and Share account. I also note the terms and conditions applicable to the Fund and Share account, set out on Hargreaves' website, do not give a time frame for the completion of stock transfers from Fund and Share Accounts.

However, Hargreaves has provided a template copy of the correspondence it sends to an account holder when it receives a request for information from a Fund and Share account. The letter says:

What happens during the transfer?

Stock - Transferring stock can take up to 6 weeks. Sometimes it can take longer as we're reliant on your new provider and the managers of any funds you may hold.

It also explained that once it received confirmation from the new provider, Mr H wouldn't be able to trade online but he would be able to contact Hargreaves by telephone and it would trade for him and apply online rates.

Hargreaves says that letter was sent to Mr H on 21 January 2020 and I am satisfied on balance that it informed Mr H that this type of transfer, of stock, may take up to six weeks and explained it was reliant on third parties which could impact the time taken.

First transfer

The first transfer was from one of Mr H's Fund and Share Accounts. I can see the initial acceptance received by Hargreaves 23 January 2020 referred to only one fund (Invesco High Income). So, the new provider was only asking Hargreaves to transfer that one fund.

Hargreaves has provided file records which show that it then received a telephone call on 4 February 2020, indicating that Mr H's instructions had changed and that a new transfer request would follow shortly. I consider this is supported by the fact a second acceptance was received by Hargreaves on 21 February but this time the acceptance related to seven holdings, instead of one. So, this second acceptance included several other funds.

I am satisfied on balance therefore that the instructions from the new provider, which would have been sent on Mr H's behalf, changed to include additional funds.

The request received on 21 February was actioned by Hargreaves with the funds being transferred in the main by 19 March 2020, which is nearly four weeks after the acceptance on 21 February. One remaining fund was transferred on 4 May 2020. As Hargreaves was reliant on different fund managers, I don't think it is unreasonable that one of the funds took longer.

In the main, I consider the transfer took place within the estimated six weeks. So, I don't think there was any unnecessary or avoidable delay by Hargreaves because it transferred the stocks within the estimated timeframe it had outlined at the start of the transfer process. And, as I have noted, there was a pause in the process which I consider was out of Hargreaves' control because it was due to a change in instructions.

I note Mr H has explained that he received an email notification from his new provider informing him that his transfer had completed on 6 April 2020. So, he feels the transfer took place later than stated by Hargreaves. (I note Mr H also makes the same point in respect of the second transfer, as he received an email from the new provider on 16 June).

I consider the email Mr H received is information sent by a third party to keep Mr H informed about his investment, but it doesn't mean that the transfer took place on that date. Hargreaves has provided records which I am satisfied on balance demonstrate that the majority of the funds were transferred on 19 March 2020.

Second Fund and Share Account Transfer

A request for information in respect of a second transfer from Mr H's Fund and Share accounts was received on 9 April 2020. However, Hargreaves didn't respond to that request until 8 May 2020 and the acceptance form from the new provider was then received by Hargreaves on 10 May 2020.

Hargreaves has accepted that it took too long to respond to the information request from the new provider. It took nearly a month to provide information which it had available, so I consider that there was an unnecessary delay there.

The majority of shares were transferred by 26 May 2020 with the final share investment being transferred on 12 June 2020. This was within six weeks of the acceptance and I note that Hargreaves needed the new provider's acceptance in order to complete the transfer.

However, I think the initial delay by Hargreaves in responding to the request for information it received on 9 April, had a knock on effect on the whole transfer process because the new provider couldn't give instructions and accept the transfer until it had received that information.

As, I have said, Hargreaves accepts that the transfer took longer than it should have, and I think there was an avoidable delay here.

I note in the case of the first transfer Hargreaves sent its response on the fourth working day after the request. I think that was a reasonable timeframe for a response of this nature. I also note financial businesses were experiencing some disruption at the time due to the pandemic.

So, assuming Hargreaves had then responded in the same timeframe as it did in January 2020, it would've sent its response on 15 April and I think Hargreaves would've have then

had the acceptance by 17 April 2020, because the new provider responded promptly when it received the information in May 2020.

So, I consider the unnecessary delay in this transfer to be just over three weeks, the difference between the 15 April and 8 May 2020. I think therefore that the transfer should've been completed in May 2020 rather than June 2020.

During that time Mr H would have paid management fees to Hargreaves. Hargreaves has said the fees applied during that period were £15.83.

Mr H has provided details of his quarterly investment reports which show the fees applied to both his Fund and Share account and his Stocks and Shares ISA. I am satisfied on balance that the amounts relating to the Fund and Share account correlate with the fee statement provided by Hargreaves which it used to calculate compensation.

Hargreaves has offered to refund the fees charged to the Fund and Share Account from the start of the first transfer request to June 2020, amounting to £154.72. So, I consider that to be fair and reasonable as it covers a longer period than the period of delay I have identified.

Hargreaves has also offered to pay £52.07 for the inconvenience caused to Mr H. I am satisfied that sum is fair and reasonable in the circumstances given the length of delay involved and Hargreaves' acceptance at an early stage that there had been some delay and its offer of compensation.

Stocks and Shares ISA Transfer

Mr H says that the transfer of his ISA was delayed by Hargreaves. He says he waited to see what would happen with the transfer of his Fund and Share Account before starting the transfer of his ISA. So, he says the delay in respect of that account had a knock-on effect on his ISA.

I understand that Mr H wished to be cautious about the transfer of his ISA, but I think it was his choice to carry out the transfers consecutively, rather than at the same time. I don't think the delay in starting the ISA transfer process can therefore be attributed to Hargreaves. And so, I don't think it would be fair and reasonable to hold Hargreaves responsible for Mr H's decision to wait before starting the transfer process.

And I agree with the investigator that this process was carried out within the prescribed time limits. Hargreaves received the request for information on 28 May 2020 and the stocks were transferred on 25 June 2020. So, it was completed in less than 30 working days, which is the timeframe set out in guidance for ISA stock transfers.

I note Mr H has explained he made purchases with his ISA account and has said they were more expensive than if he had made those same purchases through his new provider. He has claimed compensation on that basis. However, because I don't consider Hargreaves delayed his stocks and shares ISA transfer, for the reasons I have already outlined, I don't think any compensation is warranted here.

Fund charges

Mr H says that he paid higher fund charges because of the delay in transferring his investments, as he says Hargreaves' fund charges were higher than those applied by his new provider.

As the investigator has explained, Mr H would have paid fund charges, whether or not he transferred his funds, but Mr H's argument is that he paid higher fund charges during the period of the delay.

Mr H has provided some information to evidence this, where he has taken averages of the fees applicable to his investments, to try to draw a comparison between the two providers.

He has worked out the total charges as a percentage of the total value for each provider, and then compared them using a similar, but not exactly the same, time period.

That information is general in nature and because it is not fund specific, I can't safely conclude whether the fees on the particular funds transferred were lower with the new provider. And if so, by how much.

Similarly, I think online comments made by other investors are insufficiently specific to demonstrate the position in respect of Mr H's investments.

In relation to the first transfer, Hargreaves has said that four out of the five fund fees it applied, were either the same or lower than those of the new provider. In addition, it has provided details of the comparable fees.

In respect of the second transfer, Hargreaves has said that ongoing fund charges weren't being applied to the investments in *that* transfer, because the stock transferred were all share investments.

So, I don't think I need to determine whether or not the fund fees applied by Hargreaves were higher because I have only identified an avoidable delay in respect of the second transfer. Therefore, that is the relevant transfer as far as any difference in fees is concerned. I can see that second transfer only involved share investments and Hargreaves' ongoing fund charges, understandably, only applied to funds - not shares.

So, on that basis I don't think I can reasonably conclude that there was any financial loss due to higher fund fees in respect of the second, delayed transfer from the Fund and Share account.

And I have also carefully considered Mr H's comments on the application of management fees. However, Hargreaves has already agreed to refund management fees for an extended period, which is longer than the one I have identified.

In addition, as I don't think Hargreaves caused any delay to the transfer of Mr H's ISA, I won't be asking it to do anything further in respect of that aspect of the complaint.

Summary

I consider Hargreaves caused an avoidable delay to one of the transfers from Mr H's Fund and Share account, of just over 3 weeks, as set out above.

Putting things right

Overall, I consider the compensation offered by Hargreaves is fair and reasonable for the delay. So, it should pay a total of £206.79 (made up of £154.72 of management fees and £52.07 for the inconvenience). I understand that £150 had already been paid into Mr H's account, and if that is the case, Hargreaves should pay Mr H the remaining £56.79.

My final decision

I uphold Mr H's complaint against Hargreaves Lansdown Asset Management Limited in part and it should pay compensation as outlined above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 3 January 2023.

Julia Chittenden
Ombudsman