

## **The complaint**

Mr H has complained that Hargreaves Lansdown Asset Management Limited (HL) mis-sold him his investment in the Woodford Patient Capital trust (WPCT). He's also complained that HL heavily promoted the trust when it shouldn't have done and that it hasn't performed well resulting in him suffering significant financial loss.

## **What happened**

Mr H holds a Self Invested personal Pension (SIPP) with HL which he opened in 2006 through HL's online service. In September 2017, again using the online service, he bought shares in the WPCT for his SIPP. He bought additional units later in 2017 and again in February 2019.

The WPCT is no longer trading by that name following the collapse of another fund managed by the same fund manager. It is now known as the Schroder UK Public Private Trust PLC, managed by Schroders, but I will refer to it as the WPCT throughout this decision for ease of understanding.

Mr H has said although he was an execution only client of HL he was significantly influenced by the "unusual" marketing push by HL of the fund manager's expertise. He feels HL abused its execution only platform and induced investors into purchasing the fund manager's products. He's also raised concerns about one of the directors of HL selling a large amount of his shareholdings ahead of the suspension of the related fund.

When HL investigated his complaint, it found it was satisfied with all of its actions and dealing with Mr H in relation to the WPCT. As Mr H didn't agree he brought his complaint to this Service where it was assessed by one of our investigators. She felt the complaint couldn't be upheld. She was of the view that while HL did provide its own opinions about the WPCT and did support the fund it did also report accurately when the fund was underperforming. She also felt it wasn't unreasonable for a platform provider to do this. She found no evidence that HL unreasonably over promoted the fund nor did she find anything that indicated HL knew anything more about the WPCT than what it communicated to its investors or that one of HL's directors had acted inappropriately in relation to selling his investments.

Mr H didn't agree with the assessment. So the complaint has been passed 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 am not upholding this complaint.

First and foremost, the relationship between Mr H and HL was an execution only one. This means Mr H made his own decision about whether to invest, where to invest and how much to invest. All HL had to do was provide full clear and not misleading information about the

funds. It wasn't responsible for checking whether the chosen investment was suitable for Mr H – that was for him to decide. Mr H signed documents confirming he understood this. And as he has also accepted the service from HL was execution only there is no need for me to consider whether any actions from HL could be inferred as giving advice. Therefore, as it was Mr H's decision to invest in the WPCT HL can't be responsible for any mis selling as technically there wasn't any.

I know Mr H feels HL over promoted the WPCT, but he hasn't provided any examples of how he thinks HL did this. In my view, while I agree HL did promote the WPCT I don't think HL's actions in relation to the fund were any different to what it had done with other funds it offered to its clients. As a platform provider offering a large number of funds to its clients, I don't see it as unusual for HL to provide a lot of detailed information about the funds it offers via its website or throughout its other communication methods. For the vast number of its clients this is so its clients can decide whether certain fund are right/suitable for them. This doesn't mean however that HL was making a personal recommendation about any of those funds or that it was over promoting one over the other or pushing one to its clients.

I appreciate that occasionally HL will provide comments of its own and give its opinions on some funds in its newsletters as it did with the WPCT. It was in support of the fund but this isn't unreasonable given at the time Mr H first bought the units the fund was healthy. But it didn't include the WPCT on any of its best buy lists – the Wealth 150 or wealth 50. So HL certainly didn't hold the fund up as being one of its best performers. And it also clearly communicated when the WPCT was underperforming, as it did in January 2019. Nevertheless, despite its underperformance I see nothing wrong with HL remaining supportive of the fund or its rationale that sometimes it takes time for a fund to make money and how this fund could be something for someone who has the time and patience to see how it performs.

In my view HL provided a balanced perspective of the investment and this is acceptable and I see no reason why HL couldn't maintain its support of the trust despite the other fund by the same fund manager declining and ultimately being suspended. Therefore, I don't agree with Mr H's assertion that HL over promoted the fund.

I am also not persuaded that Mr H who clearly knew he was the one in charge of his investment decision was ultimately swayed by anything HL said about the WPCT. Fundamentally, Mr H is unhappy that HL continued to support or offer the fund when the related fund started to underperform but the two investments were different, only having the same fund manager. And given the very different characteristics of the fund I see no reason why HL should have stopped offering the fund to clients.

I know Mr H feels HL had different information internally which prompted some directors to disinvest before the collapse of the related fund managed by the same fund manager. But HL has confirmed that the director in question sold shares in a different fund (not any of the Woodford funds). This is a serious accusation that Mr H has made but he hasn't provided anything to confirm this so in lieu of anything compelling I have no reason to doubt what HL has told us in this regard.

Overall, the WPCT wasn't managed by HL so it wasn't responsible for its downturn in performance. I see nothing wrong in HL continuing to offer the fund to its clients and I am satisfied HL provided it clients with clear and accurate information about the WPCT. I also haven't seen anything to suggest HL had information about the WPCT that it didn't pass on to its clients. Ultimately Mr H was the only one who could change the investment in his SIPP because that was the nature of the relationship he had with HL.

**My final decision**

My final decision is that I don't uphold this complaint and I make no award.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 20 July 2022.

Ayshea Khan  
**Ombudsman**