

## **The complaint**

Mr C complains that Hargreaves Lansdown Asset Management Limited trading as Hargreaves Lansdown (“HLAM”) has changed the nature of investments that he holds with the firm without his permission. And he complains that HLAM has failed to provide him with sufficiently accessible information regarding those changes.

## **What happened**

Mr C holds investments with HLAM in both a SIPP and a stocks and shares ISA. In September 2022 HLAM wrote to Mr C to inform him that it was commencing a process of converting some of the investment funds it offered on its platform from inclusive asset classes to unbundled asset classes. It said that these changes would be expected to reduce the fund management charges that its consumers paid.

In June 2023 HLAM wrote to Mr C to confirm it would be implementing the conversion in relation to one of the investment funds that he held in his SIPP. Although Mr C expressed his disagreement with the change and asked for it to be delayed, HLAM told him that the conversion was compulsory, and should he wish to not hold the new asset class he would need to sell his investment by 14 July. Mr C’s investments were converted to the new asset class on 21 July.

Mr C has complained to HLAM about the changes, and the information he has been given to support his decision making about those changes. In particular he has raised issues relating to his eyesight, and the difficulties he has faced reading information using HLAM’s secure messaging system. HLAM hasn’t agreed with Mr C’s complaint. It said that, in the account terms and conditions, it was entitled to undertake the conversions. And it said that it had suggested alternative ways Mr C might read the secure messages he had been sent, or that he could elect to receive postal, rather than electronic, correspondence from the firm. Unhappy with that response Mr C brought his complaint to us.

Mr C’s complaint has been assessed by one of our investigators. He thought that HLAM had treated Mr C fairly. He said the fund conversion was carried out in line with the terms and conditions of the account. And he thought that the information that Mr C wanted about the new investment was available on HLAM’s website. He thought the business had communicated with Mr C in a reasonable manner. So the investigator didn’t think Mr C’s complaint should be upheld.

Mr C didn’t agree with that assessment. So, as the complaint hasn’t been resolved informally, it has been passed to me, an ombudsman, to decide. This is the last stage of our 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.

In deciding this complaint I've taken into account the law, any relevant regulatory rules and good industry practice at the time. I have also carefully considered the submissions that have been made by Mr C and by HLAM. Where the evidence is unclear, or there are conflicts, I have made my decision based on the balance of probabilities. In other words I have looked at what evidence we do have, and the surrounding circumstances, to help me decide what I think is more likely to, or should, have happened.

At the outset I think it is useful to reflect on the role of this service. This service isn't intended to regulate or punish businesses for their conduct – that is the role of the Financial Conduct Authority. Instead this service looks to resolve individual complaints between a consumer and a business. Should we decide that something has gone wrong we would ask the business to put things right by placing the consumer, as far as is possible, in the position they would have been if the problem hadn't occurred.

There are two aspects (although somewhat interlinked) to this complaint. I will first consider whether HLAM acted reasonably in converting the share class of one of the investments Mr C held. And then I will go on to consider the information that Mr C says he needed, and whether and how HLAM provided that to him.

When Mr C opened his SIPP in 2013 he agreed to some terms and conditions for the operation of that account. The matters that form this complaint are dealt with in those terms and conditions in Section I. The relevant sections say the following;

*“We are the registered holder of our clients' Units in different Funds held within the HL Service and can instruct the authorised fund manager to effect a conversion of Units into a different class in a specific Fund. You agree that we may instruct an authorised fund manager to effect a conversion of Units without your specific request where we, in good faith, consider the Unit conversion appropriate or necessary and in the best interests of our clients. Taking steps to effect a conversion of your Units as set out in this Section I does not constitute investment advice or discretionary management by us.*

*When we request a conversion between Units of the same Fund held through the HL Service we pass this instruction to the appropriate fund group who will convert one type of Unit to another. There are no dealing costs and you remain fully invested at all times. The conversion of Units will not create a capital gains tax liability.*

*Before we instruct a bulk conversion affecting your holding of Units in a Fund, we will notify you by your specified communication preference at least 30 days in advance of the conversion taking place. We'll tell you more about the process and timing for each conversion at the time. Where we effect a bulk conversion, the Unit class previously held will no longer be available for investment through the HL Service.”*

HLAM wrote to Mr C in September 2022 to explain that it would be commencing some conversion activities on assets that were held on its platform. And then it wrote again to Mr C, in June 2023, giving him notice of the conversion of the asset that is the basis of this complaint. It seems most likely that, as HLAM set out in its letters to Mr C, it thought that the conversion was in the best interests of its client. And it is clear that it provided more than the required 30 days' notice of the changes. So I am satisfied that HLAM was able to proceed, under the terms and conditions agreed by Mr C, with the conversion without his express agreement.

In its letters to Mr C HLAM explained that, following the changes, the class of investment that he originally held would no longer be offered on its platform. So it told Mr C that, if he didn't wish to hold the converted class of the fund he would need to sell it and remove it from

his investment holdings. As Mr C failed to provide that instruction I think HLAM acted reasonably in enforcing the change.

So whilst I acknowledge Mr C's disappointment that the change was made without his permission or agreement, I cannot conclude that HLAM acted incorrectly in making the change. It was for HLAM to determine, in good faith, whether it considered the conversion appropriate or necessary and in the best interests of its clients. Once it had reached that conclusion it was entitled to make the change regardless of any objections from Mr C. So I don't think this part of the complaint should be upheld.

The second aspect that I need to consider is how HLAM communicated with Mr C, and made any fund information available to him.

I think I should note, on the basis of what I've said above, that I don't think any failures in HLAM's communication would render the conversion to have been unreasonable. As I said above, the analysis of the benefits of the conversion was for HLAM to make – not Mr C. Provided HLAM was satisfied with the benefits it could proceed. But that doesn't remove a more general responsibility for HLAM to ensure that it communicates with Mr C in a clear, fair, and not misleading manner.

HLAM offers its customers the ability to receive paper or paperless communications. Mr C has opted for paperless communication, and despite the recent problems, I understand that communication preference has remained unchanged.

In 2022, when making an earlier complaint, Mr C made HLAM aware that he experienced some problems with his eyesight. I have seen that vulnerability has been recorded on HLAM's systems so its staff are aware that Mr C might need some additional support.

But HLAM reasonably has set processes, to ensure the security of its customers' information, when communicating in a paperless environment. And one of the key protections it uses is by communicating through its secure messaging service. I have seen that Mr C has told HLAM that he finds the messages sent through that system to be very difficult to read on his mobile phone. So he asked that HLAM send that information to him via email instead.

HLAM has explained to Mr C that it doesn't consider email a secure channel for providing information to him. And it has told him that viewing its secure messages on a desktop computer, rather than a mobile device is likely to allow him to read them more easily. It has also reminded him that, if he prefers, he could elect to receive any communications via paper rather than electronically.

I don't think it is reasonable for HLAM to provide each of its customers with tailored information about each of the funds in which they hold investments, or even those affected by any conversion activity. Instead it makes information that might be needed by investors available via its website for consumers to consult at their leisure. I don't think that is an unreasonable approach to take given the numbers of consumers that might be affected, and the number of funds that are offered on HLAM's platform.

I have considered Mr C's comments that there is nothing in the product information that is of a sensitive nature, and so couldn't be disclosed via email. Generally I think it would be reasonable for HLAM to make the assessment about what it considers to be sensitive information, and it would have a duty to protect its customers in that regard. But as I've explained above, I think the main reason is one of practicality, and the obvious advantages of providing a repository of all the required information rather than individual copies being sent to each affected consumer.

I appreciate that my decision will be disappointing for Mr C. Even if I had thought HLAM had failed to make sufficient information available to him (which for the avoidance of doubt I don't) that wouldn't mean that HLAM wasn't entitled to perform the conversion activity either with, or without, Mr C's consent. It had given Mr C sufficient warning of the action it was going to take in the conversion of one of his holdings. And I think the information HLAM made available about the new asset class, and the way in which that was presented to Mr C, was reasonable.

### **My final decision**

For the reasons given above, I don't uphold the complaint or make any award against Hargreaves Lansdown Asset Management Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 9 April 2024.

Paul Reilly  
**Ombudsman**