

## The complaint

A company, which I will refer to as D, complains about the way Hargreaves Lansdown Asset Management Limited (trading as Hargreaves Lansdown) displays gilt prices on its website, in its valuations, and in other documents.

## What happened

D's representative told us:

- In June 2023, he bought what he described as “standard, fixed rate, non-inflation linked gilts” for D's treasury account. When he looked at the valuation in D's Hargreaves Lansdown account, the gilts immediately showed a loss of a few thousand pounds in excess of the commission paid – which concerned him because he thought it implied that Hargreaves Lansdown had applied costs that he wasn't expecting.
- On investigation, he found that the problem was that Hargreaves Lansdown's valuation system was incorrectly displaying the gilts at their clean price instead of their dirty price.
- He called Hargreaves Lansdown to check, and the firm's agent confirmed that his understanding was correct – the valuations were displayed at the clean price.
- To resolve the complaint, he would like Hargreaves Lansdown to implement dirty pricing of gilts for the benefit of all customers. He would also like compensation for his wasted time in having to make this complaint, and the effort involved in working out accurate prices every time he consults D's investments. He noted that it is worrying to see an apparent loss on D's investment account when no such loss has taken place.

Hargreaves Lansdown told us:

- It does not currently have a data feed in place allowing its clients to see their gilt holdings adjusted for interest.
- It appreciates that this affects the gain/loss figures on D's account, as the clean price is shown even though the gilt will have been purchased at the dirty price. However, if D wishes to get an accurate valuation at any point, it has the option to quote its holding – which would provide the value, including interest, if D were to sell. Alternatively, D could call its dealing desk and be provided with a quote.
- It acknowledges D's concerns about whether Hargreaves Lansdown is honouring its regulatory obligations to provide clients with accurate valuations, but it is satisfied that there is no regulatory breach. It is providing its clients with as much information as it can within its capabilities.

- This issue has been raised in the past, and the relevant teams are actively seeking solutions.

I have also noted that Hargreaves Lansdown publishes the following explanation on its website, at <https://www.hl.co.uk/shares/corporate-bonds-gilts/what-you-need-to-know-about-buying-government-bonds-gilts> :

“What is ‘clean’ and ‘dirty’ pricing?”

When you’re buying a gilt, it’s worth noting the difference between what’s known as the ‘clean’ and ‘dirty’ price.

The clean price is the price of a bond not including any accrued interest. This is the price that’s normally quoted on our website.

The ‘dirty price’ is the price of a bond that includes accrued interest between coupon payments.

If you buy a bond immediately after issue or the most recent coupon, the clean and dirty prices will be the same.

However, if you buy partway through a coupon period (they’re typically paid twice a year), you’ll need to account for adjustments that reflect income accrued to the bond. This means the actual price you pay will include accrued interest as well as the cost of the bond.

In practice, once you’ve bought the gilt, it will reflect as a ‘loss’ on your account – this is simply because the accrued interest was not reflected in the value shown.”

One of our investigators looked at this complaint, but did not uphold it. He said that there was no requirement for Hargreaves Lansdown to report valuations in any particular way, and that he was satisfied that D was able to find out the true value of its gilts. He was not satisfied that D had suffered any loss, and so he did not recommend that Hargreaves Lansdown pay any compensation.

Hargreaves Lansdown accepted our investigator’s conclusions, but D’s representative did not. He said that the investigator had ignored the central point of the case, which was that the documents (including the consolidated tax certificate) and valuations given by Hargreaves Lansdown are wrong. He said he could not let that stand, and asked for the matter to be referred to an ombudsman.

At my request, our investigator wrote to Hargreaves Lansdown seeking the firm’s comments as to how it was honouring its regulatory obligations. He also asked if there had been any progress towards the “solutions” Hargreaves Lansdown mentioned. The firm told us:

“[O]ver the last 9-12 months HL have conducted both qualitative and quantitative research with our clients on understanding their confidence around making investment decisions. Specifically, this looked into our most used product – factsheets - which shows the details of an instrument. Following the evaluation, HL are working on re-building and designing the factsheets to improve client confidence and understanding, so with this missing data such as the dirty price will be resolved.

In terms of reaching solutions, our trading team are currently re-designing and building from scratch a brand-new experience for our factsheets which will include in

that change in showing the dirty price as well as the clean price on the factsheet. This project is estimated to be completed latest April-June 25.”

Hargreaves Lansdown also clarified that D is one of its retail customers.

### My provisional decision

I issued a provisional decision on this complaint in August 2024. I said:

“[M]y provisional findings are:

- I agree with D that the valuation information provided by Hargreaves Lansdown, and in particular the “gain/loss” figure is not clear, and is somewhat misleading.
- However, I consider that D’s representative was alert to the issue and I am not persuaded that D has suffered financial loss as a result of an error by Hargreaves Lansdown.
- I consider that £100 represents fair compensation for the inconvenience that D has suffered.

I give more details about my findings below.

My role as an ombudsman is to determine a complaint by reference to what is, in my opinion, fair and reasonable in all the circumstances of the individual case before me. In doing so, I will take into account: relevant law and regulations; relevant regulators’ rules, guidance and standards; relevant codes of practice; and, where appropriate, what I consider to have been good industry practice at the relevant time.

I understand why D’s representative is concerned that the information Hargreaves Lansdown publishes might mislead other customers. The reason for his concern is obvious. To take one example, D’s representative sent us a copy of a table produced by Hargreaves Lansdown which showed the following:

Stock	Units held	Price (pence)	Value (£)	Cost (£)	Gain/loss (£)
Treasury 5% 07/03/2025 Gilt	468,946	100.08	469,321.16	475,046.12	-7,208.15

D’s representative told us that the “Value” figure showed the clean price, but the “Cost” figure showed the dirty price. Hargreaves Lansdown has not contradicted him on that point. He also says that the figure for both “Value” and “Gain/loss” are about £10,000 too low, and again Hargreaves Lansdown has not contradicted him.

I can also see that Hargreaves Lansdown appears to have calculated the “Gain/loss” figure by simply deducting “Cost” (shown as the dirty price) from “Value” (the clean price). Other than on the days on which interest is paid, that will have the effect of decreasing a customer’s gain by the amount of the accrued interest. In the example given by D’s representative, Hargreaves Lansdown appears to have told D that it had made a loss of around £7,200, when in fact it had made a small gain of around £2,800.

The above table is just one example, but I understand that all of the gilt valuations Hargreaves Lansdown produces (including its quarterly valuations) follow the same pattern – and therefore all of them show too low a value for D’s investments.

In my view, valuations that say an investor has made a loss when in fact they have made a gain cannot be said to be “clear, fair and not misleading”. Similarly, it cannot be said that such valuations meet retail customers’ information needs, or that they enable retail customers to make decisions that are properly informed. I acknowledge that Hargreaves Lansdown provides an explanation of its figures on another part of its website, but I don’t think it is sufficient for Hargreaves Lansdown to explain why the “gain/loss” figure is wrong – it should not publish the incorrect figure for D’s account in the first place. Similarly, I don’t think Hargreaves Lansdown’s intention to make future changes to its fact sheets does anything to prevent the valuations and the “gain/loss” figures from being misleading.

Subject to any further information Hargreaves Lansdown might provide in its response to this provisional decision, I therefore intend to uphold D’s complaint.

### **Putting things right**

D’s representative is clearly knowledgeable about gilt pricing. I note that there have been times when he corrected Hargreaves Lansdown’s staff about various points (such as when the firm suggested that the price of the gilts he had mentioned was directly linked to inflation, which is not true). Regardless of whether the information Hargreaves Lansdown displayed was in principle misleading, I am satisfied that D’s representative was alert to the issue. The comments he has made to our investigator only reinforce my impression that he understands exactly what it is that D has purchased, and that he clearly understands the various methods of displaying prices for gilts.

In the circumstances, I do not believe that the information provided by Hargreaves Lansdown caused D to make (or to refrain from making) an investment decision that it would otherwise have made. I am therefore not satisfied that D suffered any financial loss as a result of Hargreaves Lansdown’s actions, and indeed I note that D’s representative does not allege that it did.

I have also considered the issue of non-financial loss. D is a limited company, and therefore not capable of suffering distress. D’s representative freely accepts that D cannot have suffered distress. But he does consider that D was inconvenienced. In particular, he said:

“[Hargreaves Lansdown’s] actions have caused [D] and its officers to suffer material inconvenience. The additional work and inconvenience is caused by:

- Having to locate and extract the accrued interest on each gilt trade, for buy and sell, from HL’s portal, create a spreadsheet and manually adjust the incorrect valuations and profit/loss shown by HL at each quarter and year end.
- Explain to [D’s] accountant why HL’s documents are incorrect.
- Check HL’s documents and portal every time an accurate valuation is required.

- Double check manually the tax position of the HL holdings every fiscal year end.

In total, including correspondence with HL and the ombudsman, this has added many hours of unnecessary work because HL refuse to take their error seriously.”

I am not persuaded that calculating the correct valuation for D’s gilt holdings is particularly difficult for D’s representative, given that Hargreaves Lansdown provides the clean price and D’s representative knows both the relevant interest rates and how long it has been since the last coupon payment. But I don’t think that calculation is something D’s representative should have to do – he ought to be able to rely on the “gain/loss” figure published by the firm.

Similarly, I am not persuaded that explaining the situation to D’s accountant would have caused D or its agents a large amount of work. I consider that the information Hargreaves Lansdown publishes on its website – which explains why “once you’ve bought the gilt, it will reflect as a ‘loss’ on your account” – would have adequately explained the matter to D’s accountant.

We publish information on our website about our approach to awards for inconvenience (available at <https://www.financial-ombudsman.org.uk/consumers/expect/compensation-for-distress-or-inconvenience> ). My view is that in the specific circumstances of this case, the impact of Hargreaves Lansdown’s errors on D was relatively minor, but an apology would not be enough to remedy the mistake. Taking our guidance into account, and applying my own judgement, I consider that an award of £100 would be fair in this case.

I acknowledge that D’s representative would like me to direct Hargreaves Lansdown to provide accurate valuations to all of its customers. But I am not a regulator, and I have no power to order any firm to take action in respect of potential complaints that have not yet been properly referred to me. I understand why D’s representatives are concerned for Hargreaves Lansdown customers who may have less knowledge than they do themselves, but I cannot consider the position of any of the firm’s other customers unless those customers ask me to do so. I do not have the power to order Hargreaves Lansdown to change the way it communicates with all of its customers.”

Neither party accepted my findings in full.

Briefly, D’s representative said:

- He considers that I have underestimated the time it takes for him to calculate the correct pricing, and although he appreciates the suggestion of £100 in compensation he would prefer that to be higher, on the grounds that Hargreaves Lansdown will not even notice the lower figure.
- His greatest concern is about the tax certificate, which will cause him material annoyance and risk of mis-statement. If HMRC were to question his figures, he would have to engage in lengthy justification as to why the consolidated tax certificate is wrong.
- It is obvious that Hargreaves Lansdown can provide the correct data if it wishes to do so; it has simply not implemented the relevant fix.
- The fundamental error in the gain/loss figure is that Hargreaves Lansdown uses dirty-to-clean pricing. If the firm were to use clean-to-clean pricing, that error wouldn’t

arise. But the daily and period-end valuations would still be inaccurate.

- His “goal here for all clients is that HL displays the correct instantaneous valuation (dirty price) and correct instantaneous gain or loss (dirty to dirty) so that they fulfil their duties under [the relevant regulations]”.
- He would like compensation, an apology from Hargreaves Lansdown, an explanation as to why a fix has not been implemented already, and for Hargreaves Lansdown to “correct the online valuation, written valuation and consolidated tax certificates for the good of their retail clients”.

Hargreaves Lansdown said:

- It is bound by the Financial Conduct Authority’s rules, and in particular the rules in the Conduct of Business Sourcebook (COBS) which say that it must provide a market value (or estimate if the market value is not available) in client statements. Due to the nature of conventional gilts, it uses the mid-market clean price and not the dirty price to value clients. Hargreaves Lansdown “does not use the dirty price, as this is not the market value but market value plus accrued interest”.
- Whenever a client initiates a trade by requesting a quote, all relevant details (including accrued interest) are presented to the client.
- Full details of the amount of interest a client has received are shown in their quarterly reports.
- It believes “using the same pricing convention for all client communications throughout the client journey is key to enabling clients to make comparisons and informed decisions, without causing undue confusion by using different pricing conventions at different points in the journey. We also understand using the clean price is standard market convention, which again ensures a consistent approach within the market and enabling the client to make market comparisons.”
- However, it has conducted research over the last 12 months which indicates that clients may benefit from including both the clean and the dirty price in factsheets. It intends to make changes to its factsheets in summer 2025, but it remains committed to ensuring that the clean price is consistently provided throughout the client journey.
- It considers that the payment of £100 should specifically relate to the inconvenience associated with the time D’s representative has spent to raise this matter and go through the complaints process, rather than for any other issue.

### **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, whilst I have carefully considered the parties’ further representations I have come to the same conclusions as I did in my provisional decision for the same reasons. I now confirm those conclusions as final.

I stress that I am only considering the individual complaint that has been made by D. I am not a regulator, and I cannot make findings in respect of potential complaints that have not been referred to me.

It is not for me to dictate how Hargreaves Lansdown should display pricing or valuation information to D, or to any of its other clients. However, I can assess whether Hargreaves Lansdown treated D fairly when it displayed information to D.

I should clarify that despite the comments I made about valuations in my provisional decision, I do not have any concerns about Hargreaves Lansdown's decision to display the mid-market clean price to its customers. I acknowledge that D's representatives are put to extra work to determine the price D would receive if it were to sell its gilts in the market (that is, to establish the dirty price), but I am not aware of any reason that Hargreaves Lansdown should not present the mid-market clean prices in the way that it does.

My concern is that the way the information was presented to D suggested that it had made a loss when that wasn't the case. In one of the examples D's representative gave, the statement showed that D had made a loss of around £7,200, when in fact it had made a small gain of around £2,800.

I cannot therefore conclude that the information Hargreaves Lansdown gave to D was clear, fair, and not misleading - nor can I conclude that it fully met D's information needs.

### **Putting things right**

For the reasons I gave in my provisional decision, I consider that an award of £100 for inconvenience is fair. That award is not intended as any kind of fine or punishment. My aim is to fairly compensate D for the inconvenience associated with the misleading information Hargreaves Lansdown provided in respect of the "gain/loss" figure.

I acknowledge that D's representative considers I have underestimated the time he has to spend making sure the pricing figures are correct, but I remain satisfied that calculating the correct valuations is not difficult or onerous for D's representative bearing in mind the knowledge he has about gilts.

I do not award any compensation for the time D's representative has taken in making this complaint to the Financial Ombudsman Service. We do not usually award compensation for the inconvenience of having to make a complaint, and I see no reason to do so here.

### **My final decision**

My final decision is that I uphold this complaint. I order Hargreaves Lansdown Asset Management Limited (trading as Hargreaves Lansdown) to pay £100 to D.

Under the rules of the Financial Ombudsman Service, I'm required to ask D to accept or reject my decision before 28 October 2024.

Laura Colman  
**Ombudsman**