

## The complaint

Mr H complained that Hargreaves Lansdown Asset Management Limited (Hargreaves) caused him a financial loss by delaying him in accessing tax free cash from his pension. He would like to be compensated for this loss.

## What happened

I have reviewed all the evidence provided by both parties. I have not reproduced all of this in this decision but concentrated on what I believe to be the most relevant parts.

Mr H held a Defined Benefit (DB) pension which was administered by a specialist pension administrator. In Summer 2023 he contacted the administrator to begin the process of transferring his benefits into a self-invested personal pension (SIPP) with Hargreaves Lansdown. On 18 October 2023 he emailed Hargreaves Lansdown to state that once the transfer in of his pensions completed he wanted to move some funds from the SIPP into drawdown to allow him to withdraw some tax-free cash (TFC) from his pension benefits.

Hargreaves Lansdown acknowledged this request the next day, 19 October 2023 to tell Mr H that a note had been made on his account to that effect.

The administrator sent Hargreaves Lansdown transfer forms on 20 October, but the transfer was rejected. Hargreaves Lansdown explained that as Mr H's pension was a DB scheme with a value of over £30,000, it was required by the Financial Conduct Authority (FCA) to ensure that he had received advice from a qualified Independent Financial Adviser (IFA) about the potential impacts of transferring his benefits to another provider.

Mr H returned the forms to Hargreaves Lansdown on 30 November 2023. The advice form, however, was signed by Mr H himself rather than an IFA and so the DB transfer instruction was rejected once more.

Two transfers were paid into the Hargreaves Lansdown SIPP on 3 November 2023, totaling c£163,000. Mr H subsequently contacted Hargreaves Lansdown on 8 November 2023 to request withdrawal of 20% TFC from these amounts. Hargreaves Lansdown responded to him on 10 November 2023, informing Mr H that he would need to apply for the drawdown through its online customer portal and the process should take around ten working days.

On the same date Hargreaves Lansdown also sent links to its drawdown key features, terms and conditions, drawdown declaration and important information on accessing your pension.

Mr H also called Hargreaves Lansdown on the same day to enquire about whether there was a different process for withdrawing less than 25% TFC. Hargreaves Lansdown replied to say that this was not possible, but the same outcome could be achieved by transferring an amount to drawdown that would generate the tax free lump sum Mr H wished to withdraw.

Hargreaves Lansdown then sent Mr H a further email which included a guide on how to access his pension benefits.

Later the same day, 10 November 2023, Mr H completed an online drawdown application request. This request instructed Hargreaves Lansdown to move £20,000 from his SIPP into a drawdown account and for £5,000 TFC to be paid to him.

Mr H contacted Hargreaves Lansdown on 11 November 2023 to acknowledge his understanding that the process would take around ten working days and also asked what should be done with the remaining £15,000. He said:

*I will have a residual of £15k cash in the drawdown sip having taken £5k cash payment. Now, my enquiry: What can I do with that £15k? Clearly, I can keep it as cash and receive an interest rate as you kindly advised previously.*

*But maybe I can invest funds also?*

Hargreaves Lansdown replied to him on 13 November 2023. It said:

*I can confirm that you are free to hold, invest or withdraw the residual balance as you see fit.*

*If you were to transfer existing holdings from your HL SIPP to your HL SIPP Income Drawdown, then these could continue to be held as invested assets without the need to sell these investments first.*

*This option can be chosen during the application process.*

On 14 November 2023, Hargreaves Lansdown contacted Mr H to ask for proof of identity documents such as a copy of his passport, driving licence or birth certificate. It explained that it required this information before it could process his drawdown application and also included a link to a factsheet about managing a drawdown account. Mr H sent copies of all three documents on the same day. The process was completed on 20 November 2023 and the £5,000 TFC transferred to Mr H.

Mr H made a second drawdown application on 12 December 2023, moving £39,000 from his SIPP to his drawdown account to release £13,000 TFC. Mr H also contacted Hargreaves Lansdown on the same day to request that the £15,000 cash held in his drawdown account be moved back into his SIPP.

On the same day, Mr H submitted a complaint to Hargreaves Lansdown relating to delays with the transfer of his DB benefits.

Hargreaves Lansdown replied on 14 December 2023 to tell Mr H that it was not possible to move the £15,000 cash from the drawdown account back into his SIPP. It said:

*Unfortunately, as the application is already completed we would be unable to move the cash back into your SIPP.*

*You can invest the cash within your drawdown account.*

It went on to provide detailed information on how to carry out investment of the cash within the drawdown account.

Mr H submitted a third drawdown application on 10 January 2024 requesting that £103,400 was moved into drawdown and £25,850 TFC withdrawn. This process completed and the TFC was paid to Mr H on 18 January 2024.

Hargreaves Lansdown responded to Mr H's complaint on 25 January. It explained that it had not been able to process his DB transfer as it had not yet received evidence that he had received advice from an IFA. It upheld part of his complaint, that he had asked Hargreaves Lansdown to arrange for him to see one of its advisers but that it had not acted on this request. It paid him £300 by way of an apology.

Mr H brought his complaint to this service on 1 March 2024. In his complaint form he stated that he had complained to Hargreaves Lansdown on 14 December 2023, but not yet received the final response from Hargreaves Lansdown.

When our investigator contacted Hargreaves Lansdown for its records, it stated that it had not yet investigated the complaint outlined in the complaint form, which did not relate to the issues with the earlier DB transfer request Mr H had made. It was, instead, related to the difficulty he had encountered with transferring funds from his SIPP to his drawdown account and the resultant outcome of having cash held in the drawdown SIPP which he could not move back into the SIPP. He felt that the situation had arisen as a result of Hargreaves Lansdown not providing him with clear instructions on how to achieve his objectives.

Mr H contacted Hargreaves Lansdown again on 19 March 2024 to say:

*I will need to 'borrow' funds from my stocks and shares ISA. In the event that this is necessary, as soon as the transfer from SIPP to Drawdown SIPP takes effect, could that money be used to pay back into the stocks and shares ISA please?*

Hargreaves Lansdown responded the next day to say that it didn't offer flexible ISAs which meant it wouldn't be possible for Mr H to withdraw from his ISA and replace the funds in the same tax year. Mr H requested an exception to this on 20 March 2024, but Hargreaves Lansdown responded the following day to state an exception wouldn't be made.

Mr H requested that the issue be escalated to a manager, to which Hargreaves Lansdown replied on 21 March 2024 to confirm once more that it could not agree to Mr H's request as its systems were set up to report all ISA withdrawals to HMRC.

On 22 April 2024, Mr H transferred in a further c£236,000 to his SIPP and made an application to move most of these funds to his drawdown account, withdrawing c£59,000 in TFC.

Mr H contacted Hargreaves Lansdown on 26 April 2024 to tell it that he was in financial difficulty and to ask for his TFC withdrawal to be prioritised. He was again told that the standard processing time was ten working days it would check whether his payment could be prioritised. Although he was told he would receive either a call back or secure message he did not hear again until he once more contacted Hargreaves Lansdown which repeated that the withdrawal would be processed within ten working days.

The drawdown application was processed on 29 April 2024 and Hargreaves Lansdown contacted Mr H on 30 April 2024 to tell him that he would receive the TFC on 1 May 2024. Mr H replied to say that he needed access to the funds the same day. Hargreaves Lansdown stated that this wasn't possible and the payment was made on 1 May 2024.

Mr H made a complaint to Hargreaves Lansdown on 30 April 2024. Hargreaves Lansdown responded to Mr H's complaint on 24 June 2024, upholding it and offering him £300 for the distress and inconvenience it had caused him and to pay redress on any expenses he incurred between 26 April – the earliest date the TFC could have been paid – and 1 May when it was actually paid.

Mr H was unhappy with this response, so asked this service to consider it. Our investigator clarified his complaint points with him. Essentially, Mr H felt that he had found himself in the position that he had a substantial amount of cash in his drawdown account as a result of Hargreaves Lansdown not providing him with detailed information on how to move funds from his SIPP to drawdown to access his TFC. He had originally asked for this information on 18 October but did not receive sufficiently detailed information until 14 December 2023. This led to him encountering financial difficulties.

Our investigator reviewed all the evidence in this case and formed the view that there was no evidence to support the view that any of the drawdown payments had been delayed. They also felt that the compensation Hargreaves Lansdown had offered was appropriate in the circumstances and in line with what this service would expect them to do. Mr H did not agree with this view and so the complaint has been passed to me to make a final decision.

### **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 uphold Mr H's complaint. I also, however, agree with our investigator that the offer of compensation Hargreaves Lansdowne has made is appropriate in the circumstances of this complaint.

I will explain now how I have reached my conclusions.

Firstly, I think it's important to reflect upon the role of this Service. Our role is to impartially review the circumstances of a complaint and make a decision on whether a business has made errors or treated a customer unfairly. Where it has, we expect a business to fairly compensate a customer for any financial loss and distress and inconvenience they have suffered as a result.

To determine whether I believe that Hargreaves Lansdown has treated Mr H unfairly, I'll consider each of his complaint points in turn. I consider that they can be encapsulated as:

- Hargreaves Lansdown did not provide Mr H with the information he asked for in relation to transferring assets from his SIPP to his drawdown account to enable him to take the TFC he wanted until 14 December 2023.
- This resulted in him holding a large amount of cash in his drawdown account instead of assets invested in funds.
- Hargreaves Lansdown did not prioritise Mr H's drawdown transaction in late April 2024, causing him financial hardship.

Taking the first of these, I can see that Mr H informed Hargreaves Lansdown of his intention to move some of his pension assets into drawdown to take TFC on 18 October 2023. It acknowledged this information, so I consider it was aware of his objective in entering into drawdown from this time.

Mr H submitted his first drawdown application on 10 November 2023 and the TFC was paid to him on 21 November 2023, so within seven working days.

The second drawdown application was submitted on 12 December 2023, with a subsequent application on 10 January 2024. In all three of these cases, the TFC requested was paid within seven working days, so I can't see that Hargreaves Lansdown delayed any of these transactions.

I have reviewed the content of the telephone conversation and the documents that Mr H was sent by Hargreaves Lansdown at about that time, and find it fair and reasonable to consider that Hargreaves Lansdown had answered Mr H's queries at that time. Consequently, I find that it did nothing wrong in terms of the information it provided Mr H to help him use the online process to move some of his assets to drawdown.

Turning now to look at the second point, that Mr H had amassed an amount of cash in his drawdown account that he wanted to return to the SIPP. I can see that Hargreaves Lansdown had clearly informed Mr H that this would not be possible. I can also see that Hargreaves Lansdown explained to Mr H on 13 November 2023 that he could invest the cash he held in his drawdown account in any way he wanted, or continue to hold it in cash. Given this, I can't see that Mr H was constrained by Hargreaves Lansdown to hold cash in his drawdown account, so I can't see that it has done anything wrong in this regard either.

In terms of the final transfer to drawdown and withdrawal of TFC, Mr H informed Hargreaves Lansdown that he was in financial difficulty and needed access to his TFC urgently. Having reviewed the communications between Mr H and Hargreaves Lansdown, I agree that it treated him unfairly in this regard, providing a poor level of service and failing to expedite the withdrawal or communicate with him clearly.

Hargreaves Lansdown itself agreed with this point, offering Mr H £300 in respect of the distress and inconvenience this caused him. I can also see that Hargreaves Lansdown offered to reimburse Mr H for any charges or late payment fees he incurred between 26 April 2024 and 1 May 2024 if he could identify those charges. In the absence of any evidence of charges, it offered to pay Mr H interest on the amount of his TFC payment at the rate of 8% simple per annum.

I have considered this offer carefully and agree with our investigator that this offer is in line with what this service would recommend as fair compensation in the circumstances of this complaint. I therefore consider this to be fair and reasonable compensation.

### **Putting things right**

In assessing what would be fair compensation, my aim is to put Mr H as close as possible to the position he would probably now be in if the errors had not occurred. I am satisfied that what I have set out below is fair and reasonable.

To compensate Mr H fairly, Hargreaves Lansdown should:

- Compensate Mr H for any late payment fees or charges he incurred between the 26 April 2024 and 1 May 2024. All of these payments to be supported by documented evidence provided by Mr H.
- In the absence of any such evidence, pay interest on the amount of TFC it paid to Mr H at the rate of 8% simple per annum between the same dates.
- Provide the details of any calculations to Mr H in a clear, simple format.

In addition, pay Mr H £300 in respect of the distress and inconvenience these errors caused him.

### **My final decision**

For the reasons given above, I uphold Mr H's complaint.

Hargreaves Lansdown Asset Management Limited should pay Mr H the sums calculated above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 15 January 2025.

Bill Catchpole  
**Ombudsman**