

complaint

Mr R's complaint is mainly about the level of redress offered by Hargreaves Lansdown Asset Management Limited ('Hargreaves') for problems he faced in transferring his portfolio.

background

I issued a detailed Provisional Decision ('PD') for this complaint on 27 January 2020. A copy of the PD is attached (below) so I will not repeat all of its contents. The abbreviations and identifications used in the PD apply to this decision. In the main:

- I summarised Mr R's complaint issues as follows – delays over seven months (between February and September 2018) in a transfer process that he says should have taken around three to four weeks to complete; his claims for financial loss arising from the delay in the transfer; and his dissatisfaction with the level of customer service he received from Hargreaves in the matter.
- I noted Hargreaves' offer of £1,000 to Mr R for the trouble and upset caused to him by his experience in the transfer process and his counter proposal of £1,800 in this respect.
- I summarised the 11 claims for financial loss pursued by Mr R.
- I provisionally upheld the merits of Mr R's complaint on the basis that Hargreaves mishandled the transfer process, as it has conceded.
- I provisionally addressed Mr R's claims for financial loss as follows;
 - I said claim 11 (trouble and upset) has been addressed by Hargreaves offer of £1,000, that it should not pay any more and that I was not persuaded by his counter proposal.
 - I accepted claim 1 (compensation for inactive cash) and set out the basis on which it should be redressed.
 - I said claims 2, 3, 4, 6 and 7 appeared to duplicate each other – with pursuits for compensation connected to the same issues, investments and periods – and I set out a single basis for redress in this respect.
 - I accepted claims 8 and 9 and set out how they should be redressed.
 - I did not accept claim 5 and I said claim 10 is remote to the complaint.

Both parties were invited to comment on the PD. Hargreaves said it was the transferor firm's decision to transfer Mr R's stock first and his cash second; if he wanted his cash transferred sooner he had the option to instruct the transferor firm accordingly; the timing of the sales executed by the transferor firm was outside Hargreaves' control; it accepts that it may have been helpful to determine which investments could be held on its platform following receipt of his transfer application but it still required valuation information for the transfer at the time.

Mr R made the following main submissions:

- He notes that the merits of his complaint have been provisionally upheld and he repeats that the transfer should have been completed before May 2018.
- He should be entitled to a refund of part or all the fees he paid Hargreaves during the relevant period.
- The seven months over which the transfer took place is close to the worst transfer delay case he is aware of, which took eleven months. His experience should warrant a greater trouble and upset award (under claim 11), but if I disagree he will accept my decision (that Hargreaves' offer of £1,000 addresses the matter).

- Redress for claim 1 is wrongly based on a balanced risk profile. His portfolio had always been at the higher end of medium to high risk. In addition, his plan (under claim 7) to invest (more) into global funds shows that – contrary to what is said in the PD – his portfolio's profile was to be changed upon the transfer. He has also presented additional evidence of how it has since changed.
- He disagrees with the PD's finding on claim 5. The timing of the sale of funds by the transferor firm was impacted by Hargreaves' delay in providing the requisite instructions. There is a 'direct line of culpability' between it (and its delays in the transfer process) and the timing of the sales – and a summary of evidence has been presented to establish this.
- He disagrees with the PD's finding on claim 7. He discussed his plan to invest more into global funds with his accountant and with Hargreaves. The former has been confirmed and Hargreaves disputes the latter. He has maintained credibility in the evidence he presented in the case, whereas Hargreaves has not, so this should carry sufficient weight to conclude that the discussion was indeed held with Hargreaves. In addition, evidence that he eventually made the global fund investments adds weight to the probability that they would have been made earlier, but for the delayed transfer process.
- In the course of upholding claim 9 I should provide that Hargreaves is not allowed to recover the loyalty bonus redress from him in the future – given that it previously told him it could recover the loyalty bonus if he left Hargreaves within a year.
- Based on the PD's finding that claim 10 (including its relation to claim 11) is remote to the present complaint he wishes to pursue a new and separate complaint about it.

my findings

I have reconsidered all the available evidence and arguments – including the submissions made by Mr R and Hargreaves – in order to decide what is fair and reasonable in the circumstances of this complaint. Having done so, I have not been persuaded to change the findings and conclusions in the PD. I retain those findings and conclusions, and I incorporate them into this decision.

I respond to Hargreaves' comments as follows:

- The main subject of complaint is about its overall delay in and mishandling of the transfer – which it has conceded. Its point about the sequence in which components of the portfolio were arranged for transfer does not alter this.
- I agree with its point about the timing of sales under claim 5, the PD did the same and, as stated above, I retain the PD's findings.
- Timely determination – including notice to Mr R/the transferor firm – of what Hargreaves could and could not hold on its platform is the issue that is relevant to claim 8. Hargreaves did not provide such determination and notice, so its comment on this issue does not alter the PD's finding on it.

I respond to Mr R's comments on redress as follows:

- The claim for a refund of fees appears to be new. It was not a part of the 11 claims addressed in the PD – based on the claims Mr R presented to Hargreaves. I consider that a claim for a refund of fees is remote to the present complaint. If the claim seeks

to reflect Mr R being denied the service he was entitled to from Hargreaves, I consider that the award for trouble and upset (under claim 11) covers that.

- I understand the point about how notable it was/is for the transfer process to have taken seven months to complete. In the context of specific awards being granted for the financial loss this caused Mr R, I remain satisfied that Hargreaves' offer of £1,000 addresses the separate matter of the trouble and upset caused to him under claim 11. I am not persuaded to award more. I order Hargreaves to make the £1,000 payment to Mr R under this claim.
- Claim 1 – The PD neither sought to suggest nor did it say Mr R's risk profile (or that of his portfolio) was precise. It concluded that, based on available evidence, the portfolio had a 'broadly' balanced risk profile and I am not persuaded that this conflicts, in the manner or to the extent that he considers, with his reference to the portfolio being at the higher end of a medium to high risk profile. The PD made a *broad* reference in this respect and this service can take the approach of identifying a risk profile on such a basis for the sake of a benchmark related redress award. With regards to the prospects of a subsequent change in the profile at the time, I address below (under claim 7) the reasons why I retain the PD's finding that investment in global funds do not appear to have been the probable next step from the transfer.
- Claim 5 – The sale of assets prior to the transfer was instructed by Mr R and executed by the transferor firm. The PD found that Hargreaves was at fault in delaying the transfer of the proceeds. That finding is retained. However, there is a key distinction between fault for the delay in transferring the proceeds and fault for the timing (or any delay) in selling assets before the proceeds from the sales could be transferred. I have not been sufficiently satisfied by available evidence – and/or by Mr R's submissions – that Hargreaves played a role within the sale of the assets or a role that impacted upon it.

Mr R says the assets could not be sold because Hargreaves delayed and mishandled different aspects of the transfer process (such as in the processing of the transfer application form). However, the sales happened between March and April 2018; the transfer process (including delays) continued for around five months thereafter and was not fully completed until September; this does not suggest that the sales were dependent upon progress or completion of the transfer process – especially as the sales were to happen prior to transfer in order for the proceeds (not the assets) to be transferred.

Mr R says the transferor firm was hindered by not knowing which assets Hargreaves could and could not hold on its platform. I do not consider that uncertainty in this respect would have impacted upon a plan to sell assets and then transfer the cash proceeds. I have not seen evidence of uncertainty about Hargreaves holding cash on its platform. I can understand that, for assets which were to be transferred in specie, uncertainty about whether (or not) they can be held on Hargreaves' platform would have been relevant. It is noteworthy that the PD reflected this in upholding claim 8. The assets in the claim were sold only because Hargreaves declared, late, that they could not be held on its platform – so they could or would have been sold earlier, but for its late declaration. The assets sold under claim 5 do not share this context.

Mr R has made different arguments about how Hargreaves' inaction frustrated the transferor firm's efforts but they appear to relate to the transfer process, not to

liquidation of the assets prior to transfer. Overall and on balance, I do not consider that Hargreaves' responsibility for claim 5 has been established.

- Claim 7 – As stated in the PD, I do not disregard the evidence related to Mr R's account. I also understand his point about credibility of evidence. In the context of redress, the task for me in claim 7 is to determine whether (or not) the transfer process delay hindered a probable (or, as Mr R asserts, certain) next step of [him] investing further in global funds at the time. I accept that his previous global fund holdings and the additional holdings he bought after the transfer carry their respective weights in this consideration. I also accept that they suggest such a next step was possible at the time, but I need to address whether it was *probable*.

Mr R says he informed Hargreaves about this plan in May 2018 and that the plan was hindered by the transfer delay that continued up to September that year. Available evidence shows that the proceeds of liquidated assets had mainly been transferred around May 2018. The nine investments, which consumed £84,000 from the proceeds and feature in claim 3, were also made in this month. I do not doubt that Mr R considered or could have considered the possibility of the global fund investments at the time. However, he could have made, but did not make, those investments (or some of them) at that time. This – in addition to the lack of persuasive evidence, as mentioned in the PD – creates a counter balance to the weight of evidence he has highlighted in favour of claim 7 and it suggests that the global fund investments were not the next step(s) to follow the transfer at the time.

Overall, I do not consider that the balance of evidence supports claim 7.

- Redress under claim 9 is part of the compensation award that Mr R is entitled to from this decision. I do not have a basis to prescribe or address any recovery action Hargreaves might or might not take in the future, but I confirm that Hargreaves is ordered to redress claim 9 as stated below and that the award is made without any expression or implication that Mr R should return it to Hargreaves in the future.

Hargreaves must – pay Mr R £500 under claim 9; this is money he has been entitled to but deprived of since 3 September 2018, at the latest, so Hargreaves must also pay him interest, at the rate of 8% simple per year, on it from 3 September 2018 to the date of settlement; income tax may be payable on any interest awarded.

redress

I have expressed, above, orders for Hargreaves to redress claims 9 and 11.

To redress claim 1 I order Hargreaves to do the following:

- Calculate interest, if any, that the respective cash holdings earned between 12 February 2018 (two working days after the transfer application date, excluding the application date), by which time Hargreaves ought reasonably to have been able to transfer the cash holdings, to the dates each of the cash holdings were transferred. The result, in total, will be the '*actual value*'.
- Calculate what would have happened to the cash holdings if they were invested on 12 February 2018 and on the basis of a benchmark comparison. A benchmark comparison is required because there is a lack of evidence to confirm, precisely, what the cash holdings would have been invested in.

- Available evidence supports the conclusion that Mr R's portfolio was based, broadly, on a balanced risk profile and I have not seen enough to conclude that this was to be changed upon the transfer. This service's approach towards redress on such a risk profile is to use the FTSE UK Private Investors Income Total Return Index (prior to 1 March 2017, the FTSE WMA Stock Market Income Total Return Index) as a benchmark.
- Hargreaves should calculate the returns that could have been achieved on the cash holdings between 12 February 2018 and when each holding was eventually transferred, on the basis of the FTSE UK Private Investors Income Total Return Index benchmark. The result, in total, will be the '*fair value*'.
- If the fair value is greater than the actual value Hargreaves must pay Mr R the difference as compensation for claim 1. If the fair value is less than the actual value no compensation is payable. Hargreaves must also pay interest, at the rate of 8% simple per year, on the compensation from the date of this decision to the date of settlement (if the compensation is not paid to Mr R within 28 days of Hargreaves being notified of his acceptance of this decision). Income tax may be payable on any interest awarded.

I retain the finding that claims 2, 3, 4, 6 and 7 duplicate each other but, as explained in the PD, there is an entitlement to compensation (for Mr R) that arises from part of them. To perform redress in this respect I order Hargreaves to do the following:

- Calculate interest earned, if any, on the proceeds from each liquidation date up to 18 May and then calculate the returns, if any, made in the nine investments from 18 May to 3 September 2018. The total will be the *actual value*.
- Calculate how the proceeds, from each liquidation date, would have performed (in terms of returns) up to 3 September 2018 based on the FTSE UK Private Investors Income Total Return Index benchmark. The total will be the *fair value*.
- If the fair value is greater than the actual value Hargreaves must pay the difference in compensation to Mr R. If the fair value is less than the actual value no compensation is payable. Hargreaves must also pay interest, at the rate of 8% simple per year, on the compensation from the date of this decision to the date of settlement (if the compensation is not paid to Mr R within 28 days of Hargreaves being notified of his acceptance of this decision). Income tax may be payable on any interest awarded.

To redress claim 8 I order Hargreaves to calculate the average price at which each of the relevant six funds could have been sold between 8 and 12 February 2018 (*fair value*), during which Mr R could have sold them had he been told Hargreaves could not hold them; and to establish the sale revenue for each of them (*actual value*). If, for each fund, the fair value is greater than the actual value the difference must be compensated to Mr R. If not, then no compensation is payable. Hargreaves must also pay interest, at the rate of 8% simple per year, on the compensation from the date of this decision to the date of settlement (if the compensation is not paid to Mr R within 28 days of Hargreaves being notified of his acceptance of this decision). Income tax may be payable on any interest awarded.

my final decision

For the reasons given above and in the Provisional Decision, I uphold Mr R's complaint. I order Hargreaves Lansdown Asset Management Limited to pay redress to him as detailed above and to provide him with a calculation of redress in a clear and simple format.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 18 April 2020.

Roy Kuku
ombudsman

Copy of Provisional Decision

complaint

Mr R's complaint is mainly about the level of redress offered by Hargreaves Lansdown Asset Management Limited ('Hargreaves') with regards to problems he faced in transferring his portfolio to Hargreaves.

background

The problems Mr R says he faced can be summarised as follows:

- Delays over seven months (between February and September 2018) in a transfer process that should have taken around three to four weeks to complete.
- Financial losses arising from the delay in the transfer.
- Dissatisfaction with the level of customer service he received from Hargreaves in the matter.

The background of the complaint can be summarised as follows:

- The transfer involved Individual Savings Account ('ISA') funds and non-ISA funds. It also involved the transfer of cash holdings from across Mr R's portfolio. The process began with Mr R's transfer application in February 2018. A succession of delays followed and the process appears to have finally concluded on 3 September 2018. Funds were encashed during the process and the transfer of the proceeds mainly concluded in May 2018. Transfer of ISA and non-ISA cash also concluded in May 2018. The remainder of the portfolio appears to have been transferred in specie.
- Hargreaves conceded responsibility for not being as proactive in the transfer process as it should have been and for not keeping Mr R updated in the process as it should have done. Mr R agreed with both concessions. For the trouble and upset caused by his experience of the transfer process Hargreaves offered £700 (later increased to £1,000) to Mr R. He counter proposed the amount of £1,800 in this respect.
- Hargreaves invited Mr R to particularise his alleged financial losses. His present position in this respect can be summarised as follows –
 - A claim for **£261**, representing loss of income/growth on a total of around £12,700 in cash (ISA and non-ISA cash) that remained inactive for around two months (for the non-ISA cash) and around three months (for the ISA cash) due to Hargreaves' delay and inaction in transferring the relevant cash amounts. This assertion is based on the cash being available to transfer from 8 February 2018. [claim 1]
 - A claim related to nine investments made with the cash proceeds (from ISA and non-ISA fund sales). Mr R says the proceeds were available for transfer from March and April 2018 but were transferred late (by May 2018); the specific nine investments that could have been made with available cash as of 15 March 2018 had to be made on 18 May 2018 due to Hargreaves inaction; the claim is for **£3,672** in compensation for the total loss based on purchase prices on 24 May that were higher than those on 29 March; in addition, an estimated **£1,028** caters for the potential price differences/loss between 15 March and 29 March. [claim 2]
 - A claim based on Mr R's assertion that the nine investments he made on 18 May were unsuitable, as were his investments in what he refers to as the 'Woodford funds'; based on his assertion that Hargreaves was responsible for recommending these unsuitable investments; based on his dispute against Hargreaves' claim that it did not recommend investments/the nine investments; based on his offer to quantify what he seeks for the Woodford funds upon confirmation that this service accepts the claim; and based on his quantification of **£8,400** compensation for the nine unsuitable investments. [claim 3]

- A claim for **£2,426** based on an earlier benchmark comparison related offer from Hargreaves to compensate him for financial loss arising from the delayed transfer; and qualified by his call for a review of the offer given that the specific benchmark that was used is potentially inappropriate. [claim 4]
 - A claim for a total of **£6,098** as compensation for the less favourable prices at which his funds were sold (the ISA and non-ISA fund sales) – first up to 31 March 2018, then up to 3 April 2018 and then up to 6 April 2018. Mr R says the funds were sold by the transferor firm up to these three dates whereas they could/should have been sold earlier, from early February 2018, at better prices; a comparison between the more favourable prices in February and the less favourable prices the funds were eventually sold at produces a deficit, which is the amount he claims; Hargreaves' inaction delayed the sales of these funds so compensation in this respect is its responsibility. [claim 5]
 - A claim for **£1,348** based on the delayed investment opportunity that arose from cash (the cash proceeds from the ISA and non-ISA fund sales and pre-existing cash elements) being inactive in his portfolio for two to three months after they were available and should have been transferred by Hargreaves. [claim 6]
 - A claim for **£23,324** based on Mr R's assertion about his original plan for all but £15,000 of the total of around £125,000 cash proceeds from the ISA and non-ISA fund sales. He says his original plan had been to use the balance of around £110,000 to increase his holdings in three global funds he already held and to invest in a fourth; he has evidence from his accountant of this plan and evidence that he made reference to the plan in an email to Hargreaves in May 2018; he has evidence to show that between March 2018 (when the cash transfer should have been completed (but was not)) and up to September 2018 (when the entire transfer process was completed) these investments would have grown by 21%, equating to the amount he claims. [claim 7]
 - A claim for **£1,378** based on a loss arising from notice from Hargreaves, delayed over seven weeks (between his transfer application on 8 February and the notice date on 27 March), that it could not hold six funds he had intended to transfer in specie. He says upon receipt of the notice he had to decide to encash the funds and transfer the cash; they were encashed at a less favourable price than they would have been encashed at the time of the transfer application and the total difference is in the amount he claims. [claim 8]
 - A claim for **£500** which stands as the loyalty bonus Hargreaves was supposed to have paid him (into his loyalty bonus account, for the purpose of reinvestment) because he had applied to transfer his portfolio before the bonus deadline of 15 February. He says this should have been paid to him in September when the transfer was completed, but it was not and has not been paid since; lost income and growth (for around a year) on this bonus payment accounts for a further **£50**, which he also claims. [claim 9]
 - A claim for **£589** based on Hargreaves incessantly quoting various yield values – from 1.41% up to 4.60% and then down to 1.53% – for a BlackRock fund he was invested in. He says these variations prompted the basis for the fund to interchange between 'income' and 'accumulation'; the resulting uncertainty led him to sell the fund £589 less than he had bought it. [claim 10]
 - The counter proposal of **£1,800** for the trouble and upset caused to him by the transfer process plus **£500** for the trouble and upset caused to him by the matter in claim 10. [claim 11]
- Hargreaves maintains its position that its offer of £1,000 for trouble and upset is reasonable and it has offered no more in this respect. In terms of Mr R's claim for financial loss it has offered redress broadly based on claim 2 (and on the calculation start date of 29 March). It disputes claim 3 because it says it gave no investment advice or recommendation to Mr R. It says claim 4 was the idea it initially explored before substituting that idea with the idea within claim 2. It appears to dispute responsibility for the fund sales that were taking place in the course of the transfer process and the other claims.

One of our adjudicators considered the complaint and concluded that it should not be upheld. He considered that Hargreaves' concession in the matter was sufficient and that the same applies to the

offers it has made to redress the complaint (including the offer for trouble and upset). Mr R vehemently disagreed with this outcome, asked for an ombudsman's decision and made updated submissions (with some re-submissions of evidence) for the attention of the ombudsman. His submissions relate to merits and redress, with regards to the latter the summary of his 11 claims above applies.

my provisional findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. In the course of doing so I have reviewed the complaint afresh and reached some conclusions that differ from the adjudicators.

Merit

I provisionally consider that Mr R's submissions and available evidence supports the conclusion that Hargreaves mishandled the transfer process. I also consider that it has conceded this and that the main issue in dispute relates to redress. I uphold the part of the complaint about Hargreaves mishandling the transfer and I do not consider it presently necessary to give detailed reasons for doing so. As this is a provisional decision, if Hargreaves wishes to withdraw, revise or qualify its concession I will consider what it submits and address it in the subsequent decision. Given that it has consistently, to date, accepted responsibility for mishandling the transfer I do not consider this a likely scenario.

Redress

Claim 11

I begin with this claim because it relates to the trouble and upset caused by Hargreaves' overall service in the transfer matter and it has an association with the events in most of the other claims. I provisionally agree with Hargreaves' offer of £1,000 for the trouble and upset caused to Mr R by his experience in the transfer process. I have taken on board the reasons behind his counter proposal. I separate his claim for £500, for trouble and upset, related to claim 10 and I address this further below in my treatment of claim 10. I am not persuaded that his remainder claim, for trouble and upset, of £1,800 is fair.

I do not consider that £1,000 is beneath the sort of award for trouble and upset this service has made in delayed portfolio transfer cases comparable to Mr R's. It is not an insufficient amount to address the trouble and upset he was caused over the seven months long process he experienced. I am also mindful that the majority of the transfer was completed by May 2018, about three months after his transfer application, and that he could use the transferred assets from then. I do not suggest this as justification for his experience but it appears to be a matter of fact that is relevant to claim 11. Overall and on balance, I do not consider that there are grounds to ask Hargreaves to pay any more than £1,000 for this claim. I provisionally order Hargreaves to pay Mr R £1,000 for this claim.

Claim 1

I provisionally accept the basis of this claim but I consider that its calculation should be based upon a benchmark comparison exercise.

There is sufficient evidence that £12,742 in cash (from the ISA and non-ISA accounts) was available for transfer from the outset of the transfer process. Mr R provided a list of the subject matters of the overall transfer to Hargreaves in February and he updated Hargreaves in this respect in March. Hargreaves says it was still required to receive details of the transfer's contents directly from the transferor, despite the information Mr R gave, but I have not seen enough evidence to justify, on balance, why this specific cash element was not transferred as soon as it was available.

It could be argued that the cash holdings prior to the transfer would have likely remained cash holdings thereafter, but there is enough wider evidence to show that Mr R was in an overall pursuit of liquidations and reinvestments in the course of the portfolio transfer. As such, in his case, there is ground to consider that his cash holdings would probably have been invested upon transfer. The delay in transferring his cash can therefore be said to have happened at an investment cost to Mr R, during the period of the delay.

I provisionally order Hargreaves to do the following:

- Calculate interest, if any, that the respective cash holdings earned between 12 February 2018 (two working days after the transfer application date, excluding the application date), by which time Hargreaves ought reasonably to have been able to transfer the cash holdings, to the dates each of the cash holdings were transferred. The result will be the *'actual value'*.
- Calculate what would have happened to the cash holdings if they were invested on 12 February 2018 and on the basis of a benchmark comparison. A benchmark comparison is required because there is a lack of evidence to confirm, precisely, what the cash holdings would have been invested in.
- Available evidence supports the conclusion that Mr R's portfolio was based, broadly, on a balanced risk profile and I have not seen enough to conclude that this was to be changed upon the transfer. This service's approach towards redress on such a risk profile is to use the FTSE UK Private Investors Income Total Return Index (prior to 1 March 2017, the FTSE WMA Stock Market Income Total Return Index) as a benchmark. I note comments from Mr R about his investments not being total return based investments. I do not suggest they were, however this is the benchmark we use to reflect the sort of returns that could have been achieved on a balanced risk profile.
- Hargreaves should calculate the returns that could have been achieved on the cash holdings between 12 February 2018 and when each holding was eventually transferred, on the basis of the FTSE UK Private Investors Income Total Return Index benchmark. The result – the total for the cash holdings – will be the *'fair value'*.
- If the fair value is greater than the actual value Hargreaves must pay Mr R the difference as compensation for claim 1. If the fair value is less than the actual value no compensation is payable. Hargreaves must also pay interest, at the rate of 8% simple per year, on the compensation from the date of the final decision to the date of settlement (if the compensation is not paid to Mr R within 28 days of Hargreaves being notified of his acceptance of the final decision). Income tax may be payable on any interest awarded.

Claims 2, 3, 4, 6 and 7

These claims appear to duplicate each other.

Mr R's overall portfolio was valued at around £215,000 at the outset of the transfer. More than half of this was liquidated in fund sales and, in the main, the proceeds were transferred to Hargreaves by May 2018. The remainder assets (six funds) were transferred in specie. On 18 May 2018 Mr R invested £84,000 in the nine funds he has mentioned. This amount was from the proceeds that had been transferred by May 2018.

Hargreaves accepts that liquidation proceeds could have been transferred by 29 March and its position on redress under claim 2 is based on this date. Mr R disagrees. He says the proceeds should have been generated and transferred by 15 March, but for Hargreaves' delay.

I am not persuaded that Hargreaves is responsible for the timing of the liquidation of the funds, which appears to have been done by the transferor firm, and I repeat this in my treatment of claim 5 below. The funds were liquidated between 12 March and 6 April 2018 – on 12 March, 13 March, 21 March, 3 April and 6 April ('the liquidation dates'). Separate transfers of these proceeds were concluded by Hargreaves between March and the middle of May, hence the availability of the funds Mr R invested on 18 May. I consider it broadly fair to regard the delay as being from each liquidation date to 18 May

[period 1] and then to recognise the period from 18 May to 3 September when the entire transfer process eventually concluded [period 2].

Based on Mr R's submissions, he appears to be pursuing compensation for period 2 under claim 2 *and* claim 3; and he appears to be pursuing compensation for periods 1 and 2 under claim 4, claim 6 *and* claim 7. The first pursuit features claims for the same nine investments made on 18 May and the second pursuit features claims for the same period beginning from when the liquidation proceeds should have been transferred up to when the transfer process concluded. It would not be fair to duplicate compensation in this manner, given that the matter relates to a single set of transferred proceeds and to their reinvestment. Compensation should reflect what would have happened to each of the transferred proceeds had they been transferred on time.

With regards to claim 3, I have not seen evidence to conclude, on balance, that Hargreaves gave Mr R investment advice – as defined by the regulator – and it appears that the complaint he referred to this service did not include one about unsuitable investment advice. However, had the liquidation proceeds been transferred as and when they became available, before 18 May, it is not clear that Mr R would certainly have invested in the same nine funds, so he could have invested differently.

Mr R's argument in claim 7 about alternative investments has not been established as a probability (or a certainty, as he appears to assert). I do not disregard the evidence related to his accountant but evidence that a plan for these specific investments had been expressly shared with Hargreaves is more important, in order to hold Hargreaves responsible for the alleged missed investment opportunity. I have not seen written evidence in this respect and Mr R's account of verbal evidence appears to be in dispute. On balance, I do not consider that there is enough to say precisely what Mr R would have invested in, instead of the nine funds, so I consider that compensation should be based on another benchmark comparison exercise, similar to what I provisionally concluded for claim 1. I provisionally order Hargreaves to do the following:

- Calculate interest earned, if any, on the proceeds from each liquidation date up to 18 May and then calculate the returns, if any, made in the nine investments from 18 May to 3 September 2018. The total will be the *actual value*.
- Calculate how the proceeds, from each liquidation date, would have performed (in terms of returns) up to 3 September 2018 based on the FTSE UK Private Investors Income Total Return Index benchmark. The total will be the *fair value*.
- If the fair value is greater than the actual value Hargreaves must pay the difference in compensation to Mr R. If the fair value is less than the actual value no compensation is payable. Hargreaves must also pay interest, at the rate of 8% simple per year, on the compensation from the date of the final decision to the date of settlement (if the compensation is not paid to Mr R within 28 days of Hargreaves being notified of his acceptance of the final decision). Income tax may be payable on any interest awarded.

I consider 3 September 2018 to be a fair end date for the calculation of compensation as this was when the entire transfer process concluded, this was when the delay ended and this was when Mr R was, at the latest, in a position to mitigate any concerns he had about his portfolio. The idea behind the compensation award above is to cover, as fairly as possible (and at present), any loss in the matter before he was in a position to mitigate.

Claim 5

I do not consider that there is a reasonable basis to hold Hargreaves responsible for the timing of the sale of funds that it did not sell and does not appear to have been responsible for selling. It follows that any complaint Mr R has about the sale prices that resulted from that timing(s) is beyond Hargreaves' responsibility. Liability for the delay in transferring the proceeds from the sales is one thing – which has been addressed above – but liability for how, when and the prices at which the sales were executed is another. Unless Mr R can establish Hargreaves' direct responsibility in this matter and that it did not discharge such responsibility reasonably, I do not accept this claim.

Claims 8 and 9

In straightforward terms, I provisionally accept the basis for claim 8, for the reasons given by Mr R. I consider that Hargreaves ought reasonably to have known, and to have declared, at the outset (or shortly after submission of Mr R's transfer application) the funds it was unable to accept. Mr R gave it the list of funds at the outset. I have not seen evidence that justifies the period of around seven weeks it took to notify Mr R that four of the funds (with two more subsequently identified) could not be held. His decision to sell the relevant six funds in order to aid the transfer was reasonable in the circumstances, so any losses he incurred in those sales must be compensated to him.

I provisionally order Hargreaves to calculate the average price at which each of the relevant six funds could have been sold between 8 and 12 February (*fair value*), during which Mr R could have sold them had he been told Hargreaves could not hold them, and to establish the sale revenue for each of them (*actual value*). If, for each fund, the fair value is greater than the actual value the difference must be compensated to Mr R. If not, then no compensation is payable. Hargreaves must also pay interest, at the rate of 8% simple per year, on the compensation from the date of the final decision to the date of settlement (if the compensation is not paid to Mr R within 28 days of Hargreaves being notified of his acceptance of the final decision). Income tax may be payable on any interest awarded.

I also provisionally accept the basis for claim 9. Mr R applied to transfer his portfolio before what appears to have been the deadline relevant to a loyalty bonus in the amount of £500. On this basis, he should have received the £500 loyalty bonus by the completion of the transfer on 3 September at the latest. If this remains outstanding, I provisionally order Hargreaves to pay him £500 under claim 9. As this is money he has been entitled to but deprived of since 3 September 2018, at the latest, Hargreaves must also pay interest, at the rate of 8% simple per year, on it from 3 September 2018 to the date of settlement. Income tax may be payable on any interest awarded.

Claim 10

I provisionally conclude that this claim, including the issue within it, is remote to the complaint Mr R referred to this service. I understand he might consider it relevant to his overall dissatisfaction with the service he received from Hargreaves, but the matter of his portfolio transfer was the basis for his complaint and for the complaint referred to us. This claim does not appear to arise from that matter, so I do not address the amount he has claimed under claim 10 and the amount in claim 11 that is related to it.

my provisional decision

For the reasons given above, I provisionally uphold Mr R's complaint based on the findings (including those for redress) detailed above.

Roy Kuku
Ombudsman