

The complaint

Mr K is unhappy with the customer service he received from Hargreaves Lansdown Asset Management Limited (HLAM) in connection with a transfer to his SIPP (self invested personal pension) with HLAM.

What happened

Mr K's complaint has been investigated by one of our investigators. In her view she set out, in some detail, what had happened and which had led to Mr K making two complaints to HLAM. I'm not going to repeat everything here.

But, very briefly, Mr K has a Drawdown SIPP with HLAM. In August 2022 he was looking to transfer the value of a pension he had with another provider into his SIPP. Mr K requested an application pack from HLAM via the website. When it didn't arrive and Mr K chased it up, he was told he'd need to complete a risk questionnaire. Mr K queried that but HLAM maintained it was necessary. There were problems getting the risk questionnaire to Mr K and back to HLAM by post. In the end Mr K completed it over the telephone on 24 November 2022. The application pack was then sent. HLAM received it back on 28 November 2022. HLAM then emailed Mr K on 30 November 2022 saying that identification documents were required. That led to Mr K's first complaint made on 1 December 2022.

In its final response dated 30 December 2022 HLAM apologised for the poor customer service Mr K had received and paid £200 into Mr K's Loyalty Bonus Account for the distress and inconvenience he'd suffered. But HLAM didn't agree they were liable for any investment loss as they'd followed their usual procedure, including completing the risk questionnaire and, if necessary, requesting verification documents.

HLAM sent several reminders about the verification documents. But, during a call on 14 February 2023 about using funds in Mr K's Fund & Share Account to make a 'Bed and ISA' transfer, HLAM didn't make Mr K aware that restrictions had been placed on his account, pending receipt of the documents. And so it wasn't possible for him to undertake the transaction. Mr K later complained he'd been given incorrect information and about the service he'd received generally, including the need to provide verification documents.

HLAM received the verification documents on 22 February 2023. HLAM started the transfer process to the SIPP on 24 February 2023 and it was completed on 30 March 2023.

HLAM sent their final response to Mr K's further complaint on 21 March 2023. HLAM said that, in some instances, they may require additional documentation from customers to complete their processes. They didn't think they'd acted in error by requesting verification documents from Mr K. HLAM acknowledged that during the call Mr K hadn't been made aware that restrictions had been placed on his account pending receipt of the documents. The reinvestment in Mr K's ISA was delayed but he hadn't suffered any financial loss, looking at the price he'd paid on 27 February 2023 and the price on 22 February 2023. HLAM had paid £150 to Mr K's Loyalty Bonus Account for any inconvenience caused by their (poor) service during the call on 14 February 2023.

Mr K referred his complaint to us and it was considered by one of our investigators. In summary her main findings were:

- Mr K had requested the application pack via HLAM's website which didn't indicate a risk questionnaire would be needed. But HLAM had explained that it considered one was necessary to meet the regulator's requirements. It wasn't up to this service to tell HLAM how to operate its business. When HLAM didn't receive Mr K's completed risk questionnaire by post they didn't contact Mr K. Although it was frustrating for Mr K to have to get in touch with HLAM for updates, delays or issues with the postal service were outside of HLAM's control. HLAM had said the risk questionnaire could be completed over the phone so Mr K was aware there was an alternative option. HLAM didn't chase customers for the completed risk questionnaire but HLAM had noted Mr K's feedback about that.
- HLAM had acknowledged Mr K had received poor service and had paid £200 into his Loyalty Bonus Account. The investigator was satisfied HLAM had tried to call Mr K back following his query on 25 August 2022 about the risk questionnaire and had left a voicemail. HLAM hadn't attempted to call again or send a secure message so Mr K had to contact HLAM for an update which would've been inconvenient for him. HLAM agreed that during the call on 21 November 2022 a better level of customer service could've been provided. Approval was needed from a manager about sending the application via email. But a call back was promised which didn't seem to have happened. The compensation awarded was fair and reasonable for the customer service errors and the distress and inconvenience caused.
- HLAM had acted in line with the terms and conditions in requesting further identification documentation. HLAM had contacted Mr K for the outstanding verification documents on 5 and 26 January and 17 February 2023. The documents were received on 22 February 2023 and the transfer completed on 30 March 2023 which was within HLAM's eight week processing timeframe. A further £150 had been paid because during the call on 14 February 2023 the call handler neglected to remind Mr K about the outstanding verification documentation. Mr K hadn't suffered any financial loss as a result of the delay incurred.
- The compensation, in total £350, had been paid into Mr K's Loyalty Bonus Account. Mr K could withdraw that money to his nominated bank account. So he could access those funds as he wished. The compensation paid was fair and reasonable in the circumstances and given the impact on Mr K. Although he'd said HLAM hadn't properly investigated his complaint, we couldn't investigate a concern solely about complaint handling.

Mr K didn't agree and made a number of points which he wanted the ombudsman to consider. These centred on four areas: the telephone number on which HLAM said it had left a voicemail following his call to HLAM on 25 August 2022; why he'd been asked to verify his address in 2022; what had happened with the compensation payment of £350; and whether he'd had suffered any investment loss due to the delay in completing the transfer to the SIPP. On the last issue, Mr K said the fund value with the other provider on 23 November 2022 was £23,720.82. But, by the time the funds were transferred to HLAM, some four months later, the value was £23,435.06, a loss of £285.76. And that didn't include any loss for the period prior to 23 November 2022. Mr K said it wasn't reasonable for HLAM, having received his written application to transfer on 28 November 2022, to have then taken four months to complete it. He was seeking a total amount of £635.76 (so a financial loss of £285.76 plus a further £350) which didn't include any additional compensation for his time and effort in bringing the complaint to this service. He wanted the compensation paid into his nominated bank account and not his Loyalty Bonus Account.

The investigator considered Mr K's comments. But she wasn't persuaded to change her view. In summary she said:

- HLAM had confirmed the telephone number used which the investigator set out.
- Mr K had changed his address in 2018 and had said that at the time he'd provided sufficient evidence of that. But HLAM's terms and conditions said that, in submitting his application, Mr K was agreeing that HLAM could, at any time during their relationship with Mr K, use a third party electronic verification company to confirm his address. So, in requesting further information, HLAM was acting in line with their terms and conditions. It was up to HLAM if further information was needed to satisfy Anti Money Laundering (AML) requirements.
- HLAM had confirmed a £200 credit to Mr K's Loyalty Bonus Account on 30 December 2022 and a further £150 credit on 21 March 2023. The investigator hadn't said the money had been paid into Mr K's bank account. But she was satisfied he was able to access the money however he wished.
- She didn't agree the transfer first commenced in August 2022. For a transfer to be initiated HLAM required a completed application form. That had been sent to Mr K on 24 November 2022, after he'd completed the risk questionnaire on the same date. HLAM received Mr K's application on 28 November 2022. But the AML check had failed and so HLAM had to contact Mr K on 30 November 2022 for the required documentation. Although HLAM had only received the required verification documents on 22 February 2023, HLAM had sent several chasers to Mr K. The transfer was set up on 24 February 2023 and completed on 30 March 2023, within HLAM's eight week time frame.
- Because the call handler had omitted to make Mr K aware of the outstanding AML requirement during the call on 14 February 2023, HLAM acknowledged the reinvestment in Mr K's ISA was delayed. The earliest Mr K could've reinvested was 22 February 2023 but he'd paid less when he'd actually invested on 27 February 2023 so he hadn't suffered a financial loss.

The investigator told Mr K and HLAM that the matter would be referred to an ombudsman and asked for any further comments. Mr K responded that his letter had been marked for the attention of the ombudsman. He requested copies of the investigator's exchanges with HLAM and the email address for the ombudsman who'd be considering the complaint.

The investigator confirmed we'd forward copies of our correspondence with HLAM and that the complaint had been placed in the queue for a decision by an ombudsman. She explained that we wouldn't normally provide the ombudsman's email address and she'd remain the main point of contact. We shared the information which HLAM had provided to us and asked Mr K if he wanted to comment further.

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 agree with the investigator's findings and the reasons she gave as to why she considered the £350 paid by HLAM was fair and reasonable. I can see Mr K feels very strongly about what's happened. I agree that in some respects HLAM's service was lacking. But I think the sum paid is fair and reasonable and in line with what we'd award for the distress and inconvenience Mr K has suffered as a result of HLAM's service failings.

Mr K was unhappy that the investigator responded to Mr K's comments about the investigator's view when Mr K had asked for the matter to be considered by an ombudsman. But that's in accordance with our usual procedure – the investigator will usually try to deal with any points raised in response to their view, even though the complaint will be referred to an ombudsman. The ombudsman will then consider the complaint afresh before coming to

their own conclusions which may or may not be the same as the investigator's. Generally speaking the ombudsman will reach their decision based on the written evidence that's been provided, including what the parties have said about the matter. I'm satisfied that in this case I can reach a fair decision based on what I've seen.

Essentially Mr K's position is that the transfer took too long. Mr K says seven months isn't reasonable and the delay was entirely due to HLAM's poor handling of the matter from start to finish. I can see why the investigator said the transfer only started when HLAM received Mr K's completed application form which wasn't until 28 November 2022. But, from Mr K's perspective, he started the process in August 2022. I've looked at if HLAM delayed things at any stage, whether before or after HLAM actually received Mr K's application.

Things got off to a slow start. Mr K requested an application pack but it then transpired he'd need to complete a risk questionnaire, which wasn't something he'd been expecting. According to Mr K the website didn't mention it and it seems it was only when he chased up the application pack that he found out that a risk questionnaire was required. I don't know exactly what HLAM's website said (and the current version may be different to what Mr K saw a year or so ago) but some clear reference to a risk questionnaire being required would probably be helpful if not currently clearly set out.

HLAM told Mr K during the call on 25 August 2022 that he'd need to complete a risk questionnaire. Mr K didn't agree and asked that someone call him back about it. From what I've seen, HLAM did that the same day and left a message for Mr K. Unfortunately it seems that for some reason he didn't get it. I'm not sure why. But, in any event, in its final response letter dated 30 December 2022, HLAM apologised for failing to contact Mr K again after being unable to reach him on 25 August 2022. So HLAM accepts that it should've tried again. HLAM did however send secure messages to Mr K on 12 and 29 September 2022 about why a risk questionnaire was required. And a risk questionnaire was sent to Mr K on 4 October 2022.

Unfortunately it seems there were postal difficulties. As the investigator said, HLAM can't be held responsible for issues with the postal service. I know Mr K is critical of HLAM's reliance on postal communications but HLAM gave Mr K the option of completing the risk questionnaire over the telephone which in the end Mr K did and which meant the application form could then be sent to him. HLAM has also explained that some providers require a 'wet' signature and so a paper based, rather than an electronic application process, may be preferred.

Once the application had been received, the need for verification documents was then identified. I can understand why Mr K might have been surprised, having produced evidence in 2018 of his change of address then and his contact details having been updated, to be asked for information again. Especially as I think he'd been through a similar process in 2022. I note here Mr K's request for details of the relevant AML rules which say checks are to be carried out every two or three months. But the AML requirements aren't prescriptive and take a risk based approach. From what HLAM has said, checks aren't always performed immediately after a customer has updated their address but on an ongoing basis or when an application is received. And that's consistent with the account terms and conditions. I don't think HLAM acted unfairly by requesting the verification details. HLAM didn't receive the necessary documentation until 22 February 2023, despite reminders being sent.

Overall there were some delays on HLAM's part. For example, in not following up after not being able to speak to Mr K on 25 August 2022. But some of the time taken wasn't down to HLAM, such as the postal difficulties. And, although I can understand that Mr K may have had questions and wanted to understand why HLAM had certain requirements, dealing with Mr K's queries added time to the process. As I can't say that HLAM's requirements were

unreasonable, it follows I can't hold HLAM responsible for the time involved. And there appears to have been some delay on Mr K's part in providing the verification documentation once it became clear that HLAM was insisting on it. So I don't agree with Mr K that all of the time taken was due to HLAM's poor handling of the matter.

Further and in any event I don't agree that the delay must mean Mr K has suffered a financial loss. Mr K's claim is based on the difference in the fund value on 23 November 2022 and the transfer value actually paid some four months later which was £285.76 less. But, for most of that four month period, Mr K will have remained invested with his existing provider. My understanding is that the transfer process wasn't actually initiated until 24 February 2023 after Mr K had provided the verification documentation. The transfer was then completed on 30 March 2023 which was within HLAM's eight week service level. Even if there was a difference in values such that the fund value on 24 February 2023 was higher than the transfer value, I don't think that would be HLAM's fault. A transfer (aside from an in specie transfer) will involve converting assets to cash and then reinvesting with the new provider and will mean time out of the market which may result in a loss.

Mr K is seeking a further £350 for distress and inconvenience but I think the £350 already paid is fair and reasonable and in line with what we'd award. Mr K has suffered inconvenience, including time spent chasing up HLAM when they didn't always get back to him as promised. There were other service failings too, such as poor customer service during the calls on 21 November 2022 and 14 February 2023. The transfer process has been stressful and time consuming for Mr K and has taken much longer than he'd have liked. But I think the £350 is appropriate compensation for the distress and inconvenience he's suffered due to HLAM's service failings.

Mr K is unhappy that compensation was paid to his Loyalty Bonus Account rather than direct to his bank account. But from what I've seen Mr K can access the £350 including, if he wishes, paying it into his bank account. So I don't think he's been penalised by the fact that a direct credit to his bank account wasn't made.

My final decision

Hargreaves Asset Management Limited has already paid £350 to settle this complaint. I think that's fair in all the circumstances and no further action is required.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 30 August 2023.

Lesley Stead
Ombudsman