

The complaint

Mr P complains that Hargreaves Lansdown Asset Management Limited (“HLAM”) didn’t give him clear enough information about a takeover. He wants HLAM to compensate him for the value of the shares he’s lost.

What happened

Mr P told us he has a SIPP and ISA account with HLAM. These are execution only accounts, meaning HLAM does not provide advice. In his account he had shareholdings of a company I will refer to as “C”.

In 2022, HLAM wrote to Mr P to tell him that there’d been a cash offer to take over C by a company that I’ll refer to as “F”. Mr P said the communications he received didn’t make it clear that he might lose the value of his holding if he didn’t accept the offer. He said that, whilst the letters referred to the possibility of C shares being “delisted”, HLAM didn’t explain in clear terms what that meant.

HLAM said it had made clear the potential risk of the shares being delisted and gave Mr P ample opportunity to accept the takeover offer if he’d wanted to do so.

Our investigator didn’t recommend that the complaint should be upheld. He thought HLAM couldn’t have given Mr P advice on what action to take, but that it had given Mr P clear information to enable him to make a decision.

Mr P didn’t agree. He said, in summary, that:

- He was not a professional and HLAM shouldn’t have used jargon and expect him to understand the implications.
- HLAM should’ve provided a warning that delisting meant that the company taking over C was under no obligation to purchase his shares or compensate him in any way.
- He wants HLAM to buy C shares from him at the offer price, plus interest.

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 have come to the same conclusion as our investigator for the following reasons:

Mr P held execution only accounts with HLAM. HLAM couldn’t give him advice, including on what to do in response to the takeover notice.

HLAM was obliged to provide Mr P with enough information so that he could make an informed decision on what to do. But if he wasn’t sure about anything, it was his

responsibility to seek clarification, or to seek the help of a financial advisor.

I'm satisfied that the information HLAM gave Mr P about the takeover was reasonably clear. And it provided him with a link to the full details of the takeover offer.

In the first communication, dated 9 February 2022, HLAM told Mr P that:

"..if the takeover is successful, [F] may attempt to delist or compulsory acquire all remaining shares in the company."

I think this should reasonably have put Mr P on notice that, there was a possibility his shares would be delisted.

Mr P says he didn't know that "delisting" would mean he could lose the value of his shares. Whilst I accept he didn't understand that, I don't find there was any obligation on HLAM to explain the implications in any more detail than it did. I say this because I think it was reasonable for HLAM to think an investor would understand that term. And Mr P had the opportunity to seek any clarification he needed from HLAM before the offer closed; or to seek independent advice.

I'm satisfied that HLAM's later communications made it clear when delisting would occur – *"If the offer is successful and [F] gains control of 75% of the C shares, but less than 90%, they will delist the shares."*

And its communication sent on 8 April, advising of the extended deadline of 13 April, told Mr P that acceptances of 53.56% had been received. I think this gave him all the information he reasonably needed to decide whether to accept the offer or not.

I'm not unsympathetic to the position in which Mr P finds himself. But I don't find HLAM is responsible for his loss. It set out the takeover offer terms reasonably clearly, it provided Mr P with a link to the full information about the offer, and it provided a contact point for further help if he didn't understand anything. I don't find it reasonably needed to do anything more.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 7 August 2023.

Elizabeth Dawes
Ombudsman