

## The complaint

Mr A is unhappy that he hasn't received monthly dividends from his investment after it was taken over by Interactive Investor Services Limited, referred to as "the business" or "IISL".

## What happened

I understand that Mr B first invested with a business 20 years ago, before his investment was taken over by a different business, and then by IISL in 2020.

Based on what Mr P says, I understand that in the past he experienced a similar issue with his dividend payments, and it was resolved by the previous business using a Building Society reference number or something similar.

IISL didn't uphold the complaint. In summary, it said that the dividend payments were rejected by Mr A's Building Society account because the reference information couldn't be matched. It said that it could only make dividend payments to a UK bank account.

Mr A thinks that this is unfair to him and others like him in similar situations and would like the business to pay him the dividend payments owed to him.

One of our investigators considered the complaint and thought it should be upheld. In summary, she said:

- Although the business' terms of service, at section 5.8.2, state "*Withdrawals can only be made to a nominated bank account in your name...*", the business still had an obligation to pay Mr A the dividends that are owed to him.
- Mr A wasn't aware that IISL wouldn't be making dividend payments to his Building Society account and had to contact the business to find out what was happening.
- The payment was rejected by the Building Society because of the missing reference number. This should've been raised with Mr A so that he could've made other arrangements.
- In the circumstances IISL didn't do all it could to assist Mr A, and he has since closed the investment.
- In the circumstances IISL should pay Mr A £75 compensation for the distress and inconvenience caused.

The business disagreed with the investigator's conclusion. In summary, it said:

- Mr A was provided with guidance on the migration of his account to it, which he confirmed he'd read.
- The guidance included links to its terms and conditions which made clear that its 'payaway service' is only available to bank accounts, and that manual payments would be required to all other payments.
- It doesn't have an obligation to pay dividends directly to customers, it's a feature of its platform and a service it doesn't offer.
- It has an obligation to receive the dividends and hold them on its platform, within

customer accounts. It's from here the customer can choose what action to take, whether it be to reinvest, leave as cash or withdraw.

- Mr A had contacted the business to change his beneficiary reference but was told that this was only relevant once the bank received the payment. Mr A continued to make the same request and was given the same answer.
- Mr A's Building Society rejected the business's payment, as a result of its system generated information. Hence, it states clearly in its Terms of Service, that it can't make payments to Building Societies.
- If Mr A didn't read its terms and conditions, it's not something it can be held responsible for.

Mr A also responded and reiterated his position. He made the following key submissions:

- By protesting he was able to restore dividend payments to his account on the previous occasion. He was also assured that when IISL took over the previous arrangements would continue to apply, but they didn't.
- Mr A complained by email, letter, and telephone.
- His wife has also not received dividend payments.
- In order to resolve the matter, he would like:
  - An apology for not making clear that the Building Society couldn't accept payment from it.
  - An explanation for the reasons behind its policy.
  - An explanation as to why, when the cheques were being returned every month, IISL didn't contact him.
  - Some compensation for the distress and inconvenience caused.

As no agreement has been reached, the matter has been passed to me for review.

### **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 conclusion for much the same reasons. I'm going to uphold this complaint.

On the face of the evidence, and on balance, despite what the business says, I'm unable to safely say that it behaved reasonably towards Mr A, which goes over and beyond its simple terms and conditions.

On balance, I also think the investigator's recommendation to award £75 compensation is broadly fair and reasonable given the circumstances of this case.

I'm aware that in the past, a similar issue – involving dividend payments following a takeover by the previous business – was resolved using a reference number/roll number. But based on what IISL says, in this instance it wasn't possible to resolve the issue in the same way.

Unlike the previous business, I understand that IISL – in line with its terms and conditions – could only pay dividends into bank accounts, and any other payments had to be done manually.

I'm also aware that a business is entitled, in the reasonable exercise of its legitimate commercial judgement, to decide how it pays customer dividends. It's not for us to tell a

business how to run its affairs therefore I don't think IISL needs to explain its policy on this point.

I'm also aware that in a takeover/acquisition, an acquiring business isn't automatically bound by the terms of a previous business, even though Mr A probably thought it was. In other words, a new business isn't bound to operate in the same way as the previous business did. So, I can't say that IISL behaved incorrectly by not operating in the same way as the previous business, or by not operating in line with any undertakings the previous businesses may have given Mr A.

I understand that Mr A got in touch with IISL soon after he discovered that he wasn't receiving dividend payments, and thereafter sent numerous secure messages. It's likely that he thought the situation could be sorted out in the same way as on the last occasion. In other words, he did what he thought was necessary to try and resolve the issue so that he could continue receiving dividend payments.

In the circumstances I agree with the investigator that IISL could've done more to clarify the matter and explain to Mr A in simple terms that what he wanted wasn't possible and the (manual) steps he might take to resolve it.

I note the business says it was for Mr A to provide details of a bank account that could accept the payments. I also appreciate the business says that it doesn't have an obligation to pay dividends directly to customers, it's a feature of its platform and a service it doesn't offer. But in the circumstances, I don't think Mr A was aware of this and the business – despite being an execution only service – didn't do enough to make this clear to him given his age and circumstances.

In my opinion it was evident that Mr A – an elderly gentleman in his 80's, suffering from ill health, with little or no online/IT skills, and who has held a Building Society account all his life - didn't understand what was going on.

It's probably why he kept sending the same message to IISL unaware that it wasn't going to make a difference, and unhelpfully the business kept providing the same response without any further useful explanation.

I also note Mr A says that the business didn't contact him/his wife even though the dividend cheque payments were being returned - although it's not entirely clear if this was in relation to Mr A, his wife, or both of them. In any case, in the circumstances I think the recommendation made by the investigator to pay Mr A £75 compensation for the distress and inconvenience is broadly fair and reasonable.

### **Putting things right**

Pay Mr A £75 compensation for the distress and inconvenience caused.

### **My final decision**

For the reasons set out above, I uphold this complaint.

Interactive Investor Services Limited should pay Mr A redress as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 7 July 2022.

Dara Islam  
**Ombudsman**