DRN-3294799

The complaint

Mr V complains that Interactive Investor Services Limited ("II") didn't tell him that it couldn't accept the shares he wanted to transfer into his account. He wants compensation for the financial loss he says he's made.

What happened

Mr V had a holding of shares in the company he worked for, which I will refer to as "E". Mr V wanted to transfer the shares into his II account. He says II should have realised earlier than it did that it wouldn't accept the shares. And when II did tell him it couldn't accept the shares; it didn't send him a secure message and he says he didn't receive the email. By the time he was told by his existing provider that II couldn't accept the shares, it was too late to prevent that provider automatically selling the shares. He says he's made a loss of around £10,000 because of the price the shares were sold at; plus, he's lost the opportunity to profit from the shares' income and growth in the future.

II said it didn't receive the transfer instruction until 7 January 2021 and it sent an email to Mr V, and his existing provider, on the same day to tell them it couldn't accept the shares and it had cancelled the transfer. But it also noted that Mr V had given II details of the shares he wanted to transfer during a phone call on 30 November 2020 but that this information had not been passed to its transfers team. As a gesture of goodwill, it paid Mr V £50.

Our investigator thought II should reasonably have known by around 1 December 2020 that Mr V wanted to transfer shares that it didn't support on its platform. And she thought the delay in telling him about the transfer cancellation caused him a lot of frustration. She thought II should pay Mr V an additional £100. But she didn't think the sale of the shares was in II's control, so it couldn't be held responsible for any loss Mr V made. She also couldn't conclude that II had made an error when it sent an email, rather than a secure message on 7 January.

Neither party agreed with the investigator's conclusion.

Mr V said, in summary, that

- He did not receive II's email that it says it sent on 7 January 2021. He told it he didn't always receive its emails and it should have communicated with him through its secure message facility. He only found out the transfer had been cancelled when his existing provider told him, and by then it was too late to stop the automatic sale of the shares.

- The sale of the shares resulted in a tax liability of around £3,000 which he wants added to his compensation claim.

II said, in summary, that:

- It isn't responsible for Mr V not receiving its 7 January email.

- This was a business to business transfer, and it couldn't accurately assess the shares'

compatibility with its platform until it received details of those shares from Mr V's provider. It told Mr V that it couldn't accept the shares on the same day that it was told what those shares were by Mr V's provider.

- It was not responsible for the sale of the shares.

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.

Firstly, I'm very aware that I've summarised this complaint in far less detail than the parties and in my own words. There is a considerable amount of information here but I'm not going to respond to every single point made. No discourtesy is intended by this. Instead, I've focussed on what I think are the key issues here. Our rules allow me to do this. This simply reflects the informal nature of our service as a free alternative to the courts. If there's something I've not mentioned, it isn't because I've ignored it. I haven't. I'm satisfied I don't need to comment on every individual argument to be able to reach what I think is the right outcome.

Secondly, I'm sorry for the position in which Mr V finds himself. He clearly did not want his holding of E shares sold for the price he received, and he's incurred a tax liability. But I need to decide whether the loss he made is a direct result of any error that II made. I'm sorry to disappoint Mr V, but I don't find that it is. Let me explain why.

Mr V requested the transfer on 29 November 2020. This should then have been dealt with by his existing provider and II, but I can see Mr V made a number of calls to II to give it the information he thought it needed to process the request.

II said it couldn't assess the compatibility of the shares with its platform until it received details of the shares from Mr V's existing provider. And I accept this is its usual procedure. But during Mr V's phone call on 30 November, he gave II details of the shares. When the information was received from his existing provider on 7 January, it didn't include anything extra. And the member of staff who took the details on 30 November said he had put a note in its records for the case handler dealing with the transfer. But II says that the information was not passed on. I do find it made a mistake here. And I find it more likely than not that, if the transfers team had received that information, it should reasonably have assessed whether it could accept the shares or not. In response to our investigator's view, II was clear that an assessment would not be made based on information provided by a consumer. But in response to Mr V's complaint, it said "*Please accept my apologies for the fact that you were not informed we could not support E shares earlier than 7th January 2021*." So it does seem to have accepted that it could have told Mr V earlier than it did. II paid Mr V £50 as a gesture of goodwill. I agree with our investigator that the delay caused Mr V considerable stress and inconvenience and I agree that II should pay an additional £100 compensation.

II's platform does not support E shares. So I can't say its decision to cancel the transfer was unfair or unreasonable.

Mr V also complains that II should have communicated its decision to cancel the transfer by secure message. He says he did not receive its 7 January email and that he'd told II he didn't always receive its emails. But during the call on 30 November, he told II it was the secure message system that he was having difficulties with. And II confirmed that he would be contacted by email once the transfer had been approved. I find it was reasonable for II to communicate its decision by email. I'm persuaded by the information that II has provided that its email was sent to Mr V's correct email address. It's unfortunate Mr V didn't receive it, but I

don’t find that was due to anything II did wrong. And I can see II also emailed Mr V’s existing provider, so it would also have known on 7 January that the transfer had been cancelled.

I agree with the investigator that I can’t hold II responsible for the sale of Mr V’s shares by his existing provider. It didn’t know that Mr V’s shares would be automatically sold if the transfer was cancelled, and it couldn’t agree to the transfer because its platform didn’t support the shares.

My final decision

My decision is that Interactive Investor Services Limited should pay Mr V £100 (in addition to the £50 already paid).

Under the rules of the Financial Ombudsman Service, I’m required to ask Mr V to accept or reject my decision before 31 March 2022.

Elizabeth Dawes
Ombudsman