

The complaint

Mrs S complains that Citibank UK Limited didn't promptly update her portfolio when shares she held were subject to a stock split.

What happened

Mrs S has an advisory portfolio with Citibank. She had a holding of shares I will refer to as "T". In early August 2020 T announced a five for one stock split to take effect on 31 August 2020 (a bank holiday in the UK). Mrs S says she wanted to sell her shares on 1 September when the price was nearing US\$500, but she couldn't because Citibank didn't update her portfolio until 4 September. She sold her shares on 23 September, at a lower price than she would have received on 1 September, and she wants Citibank to compensate her for the price difference.

Citibank said its standard timeframe for processing stock splits is the trade date, plus three working days ("T+3"). It apologised that Mrs S wasn't made aware of this timeframe. It also apologised for the time it took to provide a final response to Mrs S's complaint and offered her £100 for the inconvenience this caused.

Our investigator didn't recommend that the complaint should be upheld. She concluded the timeframe was consistent with the time required to settle a transaction and the industry norm. She thought Citibank's offer of £100 was fair and reasonable.

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.

As part of the advisory service, Mrs S's shares were held by Citibank's custodian in a nominee name. When the stock split happened, Citibank couldn't update Mrs S's account until the custodian had recorded Mrs S's entitlement. Because of the pooled nature of the holdings, it's normal for this process to take up to three working days. Citibank's terms and conditions don't specify this timeframe – and it's apologised for Mrs S not being made aware of it. But I don't find the timeframe unreasonable and it is consistent with the industry norm. I'm satisfied that Citibank updated Mrs S's portfolio in its T+3 timescale, taking into account the bank holiday and weekend. For that reason, I don't find Citibank is obliged to compensate Mrs S for the price she would have received if she'd been able to sell her holding of T shares on 1 September.

Citibank apologised for the delay in providing its final response to Mrs S's complaint. It offered her £100 in recognition of the inconvenience the delay caused her. I consider this to be fair and reasonable.

My final decision

My final decision is that Citibank UK Limited should pay Mrs S £100.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs S to accept or reject my decision before 21 June 2022.

Elizabeth Dawes
Ombudsman