

The complaint

Mr G complains that Redmayne-Bentley LLP (“RB”) made a trade without his permission.

What happened

Mr G has a trading account with RB. On 30 March 2022 he called his branch as he wanted to place a trade and purchase shares in Company P. When he called initially he was told there was a system issue and the RB agent was on the phone to another client.

RB called Mr G back and asked whether he wanted to place a trade. Mr G says he expected RB to call him back with a price before purchasing shares, as the agent couldn’t see the live prices. When the agent called back, she said she’d purchased 13,500 shares at a price of 401p per share. Mr G wasn’t happy. He didn’t expect that to be the share price as he’d seen a price of 375p at the time. RB explained he wasn’t seeing live prices but raised a complaint for him.

RB felt that Mr G had given it an instruction to purchase £55,000 worth of shares. But it acknowledged the agent ought to have asked him if he had a limit price given the price of Company P shares was volatile. As a result, it offered to pay Mr G £1,755 which is the difference between the price he paid for 13,500 shares and what he would’ve paid had the shares been 388p per share – the price it was when he called.

Mr G didn’t think this offer was fair. He also complained about the commission rate he was charged. Mr G confirmed he hadn’t sold the shares. Our Investigator didn’t uphold the complaint. She explained that Mr G wouldn’t have been able to purchase the shares at the price he originally saw. And she felt that his intention was to purchase these shares, so the offer RB had made was fair and reasonable as it reflected the position Mr G would likely be in had the live prices been available at the time. The Investigator said the commission charged was in line with the agreement Mr G had signed with RB.

Mr G disagreed and asked for an Ombudsman to reach a decision. He has confirmed that if he was asked about limits, he’d have set to buy at 375p and sell at 400p so he’d have made a profit. As no agreement has been reached, the case has been passed to me.

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 want to say that I’ve considered all the information and all of Mr G’s points. However, my decision deals with the crux of the issue here which is whether Mr G’s trade should’ve been executed.

I’ve listened the call recording between Mr G and RB. It’s clear there was a misunderstanding. Mr G expected RB to call back with a price before the trade went ahead. But RB had said “I’ll come back to you when it’s been done” meaning it would confirm when the trade was completed. I do think, given the volatility in the share price in Company P at

the time, RB ought to have asked Mr G what his limit was, that is how much per share he wanted to pay.

From listening to the call recordings it's clear to me Mr G wanted to purchase these shares, he said he'd been looking at them for a few days. So, I do think it's likely he'd have placed a trade. But it's also clear he was unhappy with the price at which he purchased the shares – around 25 pence higher per share than what he thought they were. So, I do think it's likely he'd have set a limit. It's impossible for me to say what that would've been. Mr G has said it would have been 375p per share.

I've looked at the share prices for the morning and it was volatile. When Mr G made his calls to RB the share price was between 386p and 388p. I'm satisfied that Mr G wouldn't have been able to attain the price he could see on the internet at the time of 375p per share. Had RB called Mr G back or had its system available it's likely it could quote the live prices to him, and given Mr G still has his shares and had every intention of purchasing them I think it's likely he'd still have purchased them at the price at the time.

I'm mindful that when prices are volatile it can take some time to put trades through, so I can't say with any certainty what would've happened. But I think the offer that RB has made to give Mr G the difference between what he'd have paid for the same amount of shares had it been put through during the call is fair and reasonable. Mr G has said he'd have sold the shares at 400p but given the volatility of the share prices within the hour I don't think it's likely this would've happened. Mr G's share dealing history showed he hadn't made a trade with RB for around 10 years, and of those he'd done, his selling of the shares he purchased were over a period of time. This doesn't indicate to me that he was looking to purchase shares to sell very quickly afterwards. And in any event Mr G didn't sell the shares.

Mr G has said throughout he'd like his original money refunded. But I can't see he's attempted to mitigate his loss by selling the shares in Company P. If he didn't want the shares I'd have expected him to do this. So, RB's offer in paying him the difference had the trade gone through at the time of the call is fair and reasonable.

I can see Mr G has also complained about the commission he's been charged, as he said he'd agreed a lower amount with his specific RB agent. I've not seen anything to suggest he's been charged anything outside of the agreed amount set out in his most recent agreement with RB which supersedes any agreement he had a decade ago.

I do appreciate Mr G will be disappointed with this decision, but I think RB's offer is fair and reasonable in this case and it must now pay this to him. RB acknowledged that its first offer of £1500 plus £500 dealing credit is also open instead of the £1,755 that it offered more recently. I'll leave it to Mr G to liaise with RB if he wants this redress instead of the fair and reasonable offer of £1,755.

My final decision

The offer Redmayne-Bentley LLP has made is fair and reasonable. I uphold this complaint and it must now pay Mr G the £1,755 it has offered him to resolve this complaint. Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 4 November 2022.

Charlotte Wilson
Ombudsman