

## **The complaint**

Mr J complains that Equiniti Financial Services Limited trading as EQi gave him incorrect information that led to him not being able to take part in an alternative share offer.

## **What happened**

Mr J held shares in Company T on EQi's platform – that means that EQi was the nominee and Mr J had the beneficial interest in those electronic shares. In 2020, Company T announced a potential takeover. The corporate action gave shareholders the option of receiving 97 pence per share or elect to have an alternative which is one consideration share in the takeover company. If the corporate action took place, the original shares in Company T would be delisted – and any consideration shares would've been certificated and not listed.

Mr J phoned EQi in February 2021 asking how he could vote in the action and how to take the alternative election. He was told that EQi could do this for him. In March, after the corporate action went ahead, Mr J received a cheque compensating him 97 pence per share he held in Company T. He called EQi and was told that he would later receive share certificates but this was a mistake. EQi later explained that Mr J was only able to elect the alternative offer himself after his shares had been certificated. As his shares were held electronically, and he didn't elect himself he received the default option of 97 pence per share.

Our Investigator felt EQi had misled Mr J into believing it could elect the alternative offer on his behalf for the corporate action. But she concluded it was unlikely Mr J was able to elect himself in time due to how long it would take to rematerialise his electronic shares into certificated shares. She also said that had he been able to, it was too speculative to quantify any loss as the consideration shares in the new company weren't listed. She recommended EQi pay Mr J £600 compensation for the trouble and upset.

EQi agreed but Mr J asked for an Ombudsman to review the complaint. He said that had he been given sufficient information during his first call with EQi on 12 February 2021, this would've left enough time for him to certificate his shares and elect for the alternative offer. He said that his potential future loss is high and feels he's lost out due to EQi's actions.

## **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.

It's clear that EQi gave incorrect and misleading information to Mr J about how he could take part in the corporate action of Company T. I've listened to the calls. It appears initially there is some confusion about voting in the corporate action and electing the alternative share offer – which are different actions. In the second call on 15 February 2021 it's clear that Mr J is talking about the alternative share offer and EQi tell him that it can elect on his behalf. So, it's reasonable for Mr J to have believed this would happen. Particularly when he'd referred to the same shareholding on a different platform whereby he had to get his shares

certificated for him to elect himself. So, I do think EQi misled Mr J in these calls – albeit mistakenly.

My role here is to determine what would've happened had EQi not given incorrect information. Having done so, I'm not persuaded Mr J would be in any different position. I'll explain why.

Having listened to the calls between Mr J and EQi it's clear that Mr J didn't want the corporate action to go ahead – he'd mentioned he wanted to vote against it. He also talked about a different platform with which he held the same shares – he'd said the process of electing the alternative share offer was complicated and meant he'd have to get the certificated shares and send these himself. He was keen to take EQi up on the offer of doing this for him – which we know wasn't a possibility. So, had EQi not made an error here and had made it clear the same process applied in relation to the shares he held on its platform then I'm not persuaded Mr J would've taken the action he'd already decided was too complicated with his other platform provider.

Mr J has said he would've completed the election himself if he knew it was the only possibility. And even if I was persuaded this was the case, I'm not persuaded there was enough time for him to do so. Mr J says he'd have done this had he been given the correct information during the call of 12 February 2021. He said that would've given him 22 days to have the shares certificated and send these by post to the share registrar.

Having listened to the calls, even on 15 February 2021 where I think EQi gave the most misleading statement about it being able to “elect” on Mr J's behalf, Mr J had said he hadn't decided what he wanted to do yet. Had it not told him it could elect, and he asked for the shares to be certificated and sent to him he only had until 3 March 2021 to have sent the shares and form for the alternative election to the registrar. This was in total 11 full working days. I think it's a very real possibility that had Mr J acted at the time of this call, that he wouldn't have made the deadline to elect for alternative shares. In which case, his shares would've been sold – which is what happened.

Mr J has said that he believes he'd have had the consideration shares in the delisted company had EQi's errors not occurred. I've concluded that I don't think that's likely, but I also want to address that if it was likely it is very difficult to quantify what, if any, loss Mr J has suffered. The consideration shares he'd have received instead of the cash weren't listed, there's no indication of a value of these shares or what returns they would produce. Mr J has said that EQi could wait until the shares are relisted to determine loss but there's no indication as to if or when that may happen. So, whilst I don't think Mr J would be in any different position in terms of holding these consideration shares, even if he had been it would be too speculative to conclude he'd lost out.

I have noted that Mr J bought additional shares in Company T prior to the corporate action completing. He says he did this because he wasn't going to elect with the shares he held on the other platform so felt he'd purchase the same amount with EQi if it was able to process the alternative share offer for him. Whilst I think it's likely he wouldn't have done this had EQi given him correct information, I can't see he's lost out. He purchased the shares for slightly less than he received under the corporate action, so it doesn't appear to have caused him any significant financial loss when looking at the contract notes.

What is clear is that EQi has caused Mr J distress and inconvenience. He thought he'd receive consideration shares but instead received a settlement for his shares. He was then told more incorrect information about the situation and had to spend considerable time getting an answer as to what was happening. This wasn't acceptable. I agree with our Investigator that EQi should pay Mr J compensation of £600 to recognise the trouble and

upset its errors caused him. This amount also covers any potential loss he made through purchasing additional shares prior to the corporate action.

### **My final decision**

For the reasons I've explained, I uphold this complaint. Equiniti Financial Services Limited trading as EQi must pay Mr J £600 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr J to accept or reject my decision before 3 February 2023.

Charlotte Wilson  
**Ombudsman**