

## **The complaint**

Mrs C complains that HSBC UK Bank Plc didn't update her account following a stock split and she couldn't sell her shares. By the time her account showed the new shareholding, the share price had moved. She wants HSBC to compensate her for the financial loss.

The complaint is brought on her behalf by a solicitor.

## **What happened**

Mrs C has an investment account with HSBC. She had a holding of shares I'll refer to as "A". On 15 May 2022, A announced a 19 for 1 stock split. Mrs C says she expected her account to be updated but on 7 June, when she wanted to sell 8,500 shares, her account was still showing a holding of 659 shares. She reported this to HSBC, but she says it didn't update her account until after close of business on 9 June. So the earliest she could have sold shares was on 10 June, but the price had gone down, and she says she lost around £95,000.

HSBC said the additional shares weren't received from its custodian until 8 June and were credited to Mrs C's account the following day. It apologised that it had originally told her it expected the shares to be received on 3 June and it failed to update her when the date was moved due to a bank holiday. It paid her £50 by way of an apology.

Our investigator concluded that HSBC had allocated the new shares to Mrs C's account in a timely manner. But he didn't think it had paid her enough to compensate her for the distress and inconvenience caused by not telling her about the change of date. He recommended HSBC pay Mrs C an additional £150, which it accepted.

Mrs C didn't agree. Her solicitor replied in some detail to say, in summary, that:

- HSBC failed to meet the terms of its contractual relationship with Mrs C.
- HSBC acknowledged an error on its platform as to Mrs C's shareholding.
- Mrs C should have been able to place a sale by phone to minimise her loss.

## **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 aware that I've summarised this complaint in far less detail than the parties and in my own words. Mrs C's representative has set out her complaint in considerable detail 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.

I appreciate Mrs C's disappointment that she wasn't able to sell shares on 7 June when she wanted to, and when the price was favourable. But I'm satisfied from the evidence provided by HSBC that it didn't receive the new A shares from its custodian until 8 June 2022. As a nominee holding, HSBC needed to reconcile the number of shares received before it was able to allocate them to individual account holders. This is normal practice and it's not unusual for there to be short delay in nominee shareholders receiving their entitlement because of the need to reconcile the shares received. HSBC allocated the shares at the end of the working day following receipt. I don't consider this timescale to be unreasonable.

Mrs C's representative says HSBC should have allowed her to give telephone instructions to sell the shares. But it couldn't sell shares before it had allocated them to Mrs C's account. And it certainly couldn't sell her shares on 7 June as this was before it had received them.

When HSBC wrote to Mrs C to tell her about the stock split, it said it expected to receive the shares on 3 June and that these would be allocated to her account as soon as possible. So it's understandable she was disappointed on 7 June when the shares hadn't been allocated. But that's because the expected date changed, and HSBC failed to tell Mrs C of the new date. In the circumstances, I agree with our investigator that it's fair and reasonable for HSBC to pay Mrs C £150, in addition to the £50 already paid, for the distress and inconvenience caused.

### **My final decision**

My final decision is that HSBC UK Bank Plc should pay Mrs C £150 (in addition to the £50 already paid).

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs C to accept or reject my decision before 31 May 2023.

Elizabeth Dawes  
**Ombudsman**