

The complaint

Through her representative, Mrs H raised various complaints about the way that Barclays Bank UK PLC, trading as Barclays Smart Investor, formerly Barclays Stockbrokers Ltd ("Barclays") handled her portfolio, in particular when it was on notice of a corporate action concerning a company in which she had shares.

When Mrs H brought her complaint to us, she wanted Barclays to close her account, pay her £1,000 that she believes she is owed plus another £1,000 compensation to reflect *"...multiple errors stretching back almost two years and a complete failure to address them"*. Mrs H also wanted an apology from Barclays.

What happened

Mrs H held shares in a company that I will refer to as "U" in her Barclays Smart Investor execution-only Investment account and Investor ISA account. She had particular concerns that Barclays:

- placed restrictions on her account and wouldn't accept her written instructions to lift the restrictions
- asked her to repeat personal information she had already provided when the account was opened
- failed to notify Mrs H of the corporate action during the takeover period so she lost the opportunity to be able her to make an informed decision about what she wanted to do with her shares
- delayed crediting to her account following the corporate action the resulting cash and shares in the new non-UK company I will call "T"
- failed to credit to her account the full amount of cash she was due
- failed to action a request to close her Barclays' accounts sent after Barclays failed to address her complaint.

When Mrs H complained to Barclays, it said:

- a restriction was added on the account in March 2017 at Mrs H's request as she was worried she had been hacked and she wanted Barclays to restrict the account until she felt it was safe to remove the restriction – when she would call again. Barclays said it acted on her instructions but never received any further contact from Mrs H about having the restriction removed.
- Following a new regulatory directive in 2018, Barclays issued letters to all customers to ensure their information was up to date and correct. Some historic details for Mrs H, dating back to when she was a Barclays Stockbrokers Ltd customer, were missing from her Barclays Smart Investor account. Barclays said its terms of business put the onus on the customer to ensure information held is up to date and relevant but Mrs H had not updated Barclays with the information requested. This resulted in a second restriction being added to her account.

- Barclays told Mrs H its normal process was to speak to customers on the phone and if she spoke to its customer services team about lifting the restrictions on her account this could be done. It said if she preferred to do this in writing, it would accept a letter from her and it would remove restrictions to bring the account up to date.
- In June 2020, a corporate action was announced which affected holdings in Mrs H's account with Barclays Smart Investor and ultimately resulted in her receiving a cash payment of £83.33 into her account and an allocation of non-UK shares that cannot be held on the Barclays Smart Investor platform.
- Barclays said payment of the £83.33 had been delayed because the original cheque hadn't been received by Barclays so a new request was made for a replacement. It said it credited to Mrs H's account the amount it had received.
- Barclays agreed that overall communication about the corporate action could have been better and offered to pay Mrs H £205 in settlement of her complaint. This reflected redress of £175 for the trouble and upset caused and £30 on top of the £83.33 sent already to reflect a shortfall of £28.32 her representative had worked out based on the exchange rate he applied.
- Barclays said Mrs H could obtain a certificate and either retain the T shares with another broker or arrange to sell them through a broker able to accommodate foreign shares. It said she would need to write an explicit letter detailing her request for her share certificate. Or, she could phone Barclays with her representative on hand to support her making the call and Barclays would take Mrs H through security and she could then pass the call to her representative to request the shares.
- Barclays said its records showed it had not received any valid closure requests made by Mrs H, and she hadn't complained about that previously, but it would look into this further if she wished to raise a new complaint.

Mrs H didn't feel this went far enough to resolve things and so she brought her complaint to us and one of our investigators looked into what happened.

Our investigator considered that Barclays' existing redress offer was fair and reasonable to put things right for Mrs H. She explained her reasons for coming to this view (which I will briefly summarise here):

Restrictions on the account

The restrictions were put in place at Mrs H's request and in order to meet Barclays' own regulatory obligations to protect customers, so she couldn't say that Barclays had made any error. In addition, Barclays had clarified how Mrs H could have the restrictions removed – which included her preferred option of writing a letter.

The payment received following the corporate action

Barclays had explained the corporate action was announced in June 2020 by an overseas Registrar and the outcome was a foreign one. Barclays' platform only accommodates UK stock so could not physically hold the stock in company T on Mrs H's portfolio. The original cheque and statement for this outcome were not received by Barclays and had to be requested again. The £83.33 Barclays paid to Mrs H was in line with the declared price of GBP 0.041665000 per share and the number of shares held by Mrs H. Barclays couldn't provide the commercial exchange rate used at the time so it agreed to award the perceived

shortfall in value Mrs H had complained about and rounded this up to arrive at the figure of £30.

The non-UK T shares

Barclays had stated the shares are available for certification should Mrs H wish to access them in this form and explained how she could do this – respecting her preference for written communication but also explaining how she could deal with this over the phone with her representative.

Closure requests

Our investigator noted that Barclays had stated its records showed no valid closure requests had been received so she forwarded some letters that Mrs H and her representative had sent Barclays so this could be looked into further.

Whilst our investigator was sympathetic to Mrs H's position and recognised her strength of feeling about what happened, she felt that the offer to pay £205 compensation was fair and reasonable overall and she didn't feel that Barclays needed to do anything further.

Mrs H disagreed with our investigator. She mainly said:

- our investigator had failed to consider a key consequence of Barclays' actions which was that it had left her with shares she was unable to sell.
- In line with its terms and conditions, Barclays should have shared information about the takeover that would have been sent to all shareholders on February 4, 2020 detailing options, together with any subsequent updates, so she could have decided what to do.
- She remains unhappy that Barclays keeps insisting on speaking with her when she has explained (on multiple occasions) that using the phone doesn't work for her and she has arranged for her representative to handle the matter.
- Barclays still hasn't explained why it took nearly two years to credit her account with her new shares and cash, why her shares are shown as having nil value, and why there was a shortfall on the cash.

The complaint came to me to decide. I issued a provisional decision.

What I said in my provisional decision

Here are some of the main things I said.

"I have concentrated on what I consider to be the main points that affect the outcome of this complaint. No discourtesy is intended if I do not address every point raised. I will deal with everything that affects the outcome.

It seems to me that the crux of Mrs H's complaint concerns Barclays' failure to communicate information about the corporate action at a sufficiently early stage in the proceedings when Mrs H says she would have been able to choose whether to accept or decline the takeover offer or sell her existing shares in advance of the takeover.

A 'corporate action' describes the situation when a company puts out a notice that it may do something which could affect its shareholders.

Barclays told us it was under no obligation to notify customers about corporate action events and referred us to its terms and conditions which say:

3.1 *Unless we agree otherwise with you, where we hold Assets which give you rights in relation to a company.....:*

(i) *we will not be responsible for taking any action in relation to these matters, except to give effect to Default Action if you do not give us an Instruction*

(ii) *to the extent permitted by Regulatory Requirements we will not be obliged to notify you or obtain your instructions in relation to these matters..."*

I've thought carefully about what Barclays terms and conditions say about what it will do when a corporate action is announced and also its wider responsibilities to act in its customers' best interests.

It will usually be in an investor's interests to at least know about an action that could affect their holding – especially if it was an action that gave the investor options or a choice about what to do.

Whilst its terms and conditions do not oblige Barclays to share information in the event it receives notice of a corporate action, I think it is a fair and reasonable expectation that it would seek instructions in those circumstances. As a broker with clients holding shares in a nominee name, it should generally let the beneficial owners of the shares know about a corporate action so they can give instructions accordingly to Barclays Smart Investor.

If Barclays didn't plan to give notice of corporate action events to shareholders using its platform, Barclays had an obligation to ensure its terms and conditions are very clear on this point. I don't find that they are sufficiently explicit in saying that Barclays will *not* notify interested customers in the event of a corporate action. So it isn't reasonable to think that Mrs H would have known in advance that she couldn't depend on Barclays to notify her of the corporate action concerning company U.

I'm also aware that Mrs H's representative was told during a web chat that *"...you will always receive a notification if it is a voluntary corporate action which means the company as (sic) gave an option to shareholder to make a decision, However, if it is a mandatory corporate action you will not receive a notification alert but the notification will be available online for you to view..."*

So it looks like Barclays did have in place arrangements to notify clients with an interest in a corporate action.

For these reasons, I am planning to uphold this part of Mrs H's complaint about Barclays' failure to communicate to Mrs H information about the corporate action when it first became aware of it.

So far as her other complaints are concerned, I find Barclays has largely addressed these fairly and reasonably. The corporate action event announced in 2020 took over one year to apply to the account and delays after that happened because Barclays didn't receive the original cheque and had to chase this up. Barclays agreed it could have communicated better about what was happening. I think its offer of redress is sufficient to reflect the frustration this caused Mrs H.

As a gesture of goodwill Barclays has said it will make up the perceived shortfall in the cash paid into Mrs H's account following the sale of U shares. And it has explained how Mrs H can trade her new shares in the non-UK company T. So I don't find that Mrs H has been left with shares she is unable to sell.

I appreciate that Mrs H finds using the phone difficult and she might prefer to hand over all her dealings with Barclays to her representative. But I think it's important to keep in mind that Barclays Smart Investor is an online platform that Barclays offers to customers with access to a smartphone and the service it offers is designed to be accessed online and via telephone instructions. Whilst I expect Barclays to accommodate Mrs H's communications preferences and have regard to her particular needs, Barclays must always ensure it protects Mrs H's interests and her account. I don't find it is unreasonable for Barclays to have suggested that Mrs H can make phone calls with her representative alongside who can take over the call once she has passed security. Alternatively, she can send signed letters with her specific instructions.

In case it's useful to think about, I would just mention that Mrs H might consider applying to appoint her representative (and/or someone else) formally as her attorney. Holding a Power of Attorney might make it easier generally for someone else to manage Mrs H's financial affairs on her behalf.

This leads me to conclude that whilst Barclays' redress offer is fair as far as it goes, it still needs to do more to put things right for Mrs H."

What the parties said in response to my provisional decision

Mrs H mainly told me that she would have sold her U shares before the end of the offer period and that she would never have elected to own shares in a foreign company which she could not hold or trade. She also highlighted £150 in missing dividends.

Barclays said my reason for increasing the amount of redress was not correct, as this was a mandatory event and so the outcome would have been the same for Mrs H regardless of whether she had been notified or not.

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.

Mrs H said that during the initial offer period, had she known about the corporate action, she might have been able to choose whether to accept or decline the takeover offer or sell her existing shares. Her representative assures me that she would definitely have sold her shares ahead of the takeover. Barclays disputes that notifying Mrs H about a mandatory corporate action would have made any difference and said the outcome for Mrs H would have been the same.

On balance, I can't know whether, and/ or to what extent, the outcome would have been different had Barclays told Mrs H about the corporate action sooner. So I made some reasonable assumptions.

I didn't think it likely that being able to express a preference either way would have affected the ultimate outcome of the corporate action given her relatively small shareholding. So I can't fairly say that missing out on any option there might have been to accept or decline the bid caused any detriment to Mrs H.

I also haven't seen enough to show that Mrs H has lost out in money terms as a result of having missed a trading opportunity. I appreciate that Mrs H is unhappy that she now finds herself holding shares in a non-UK company. But I explained in my provisional decision why I can't uphold her complaint that she has suffered investment loss and it is still the case that Mrs H could trade her new shares in the non-UK company T if she so wishes.

I'm mindful also that information about the corporate action would have been in the public domain and so Mrs H wasn't exclusively reliant on Barclays to find this out.

But it's completely understandable that Mrs H was upset at finding out about the corporate action only after the event. This could have been avoided had Barclays alerted her to what was happening sooner.

Barclays agreed there were shortcomings in its communications about the corporate action. So I still think Barclays ought to compensate her fairly for the resulting anxiety and frustration this caused her.

Barclays hasn't provided me with any new information that changes what I think about fair redress. It remains my view that it's a fair and reasonable expectation that, as a broker with clients holding shares in a nominee name, Barclays should generally let beneficial owners of the shares know about a corporate action. It confirmed it notified clients about voluntary corporate action events.

For the reasons I explained more fully in my provisional decision, I think its customers were reasonably entitled to expect to receive the same sort of notification in the event of mandatory corporate action. The essence of Mrs H's complaint is that she wasn't given information that Barclays knew about when she reasonably expected it to have shared that information with her. This has caused her a great deal of distress.

I haven't made any findings about what she might have done, or been able to do, had Barclays communicated details of the corporate action to Mrs H when it first knew about this. The redress I proposed reflects the impact on Mrs H of Barclays' failure to share information I have found it could and should have told her about on a more timely basis. This would have avoided some of the distress this matter has caused Mrs H and which has left her feeling so let down by Barclays.

I have addressed in my provisional decision all the main issues which have a bearing on the outcome of this complaint. I still think it's fair to uphold this complaint to the extent I have done and award the redress directed below for all the reasons I explained more fully in my provisional decision.

Mrs H's representative told us in September 2022 that "*There is one significant issue outstanding*" and explained this was the takeover of U by company T which Mrs H had known nothing about "...because Barclays didn't tell her". So that's what I concentrated on in my provisional decision. I can't see that 'missing dividends' formed part of the original complaint to Barclays. If Mrs H feels she has further cause for complaint (that goes beyond the scope of the complaint she originally made to Barclays and subsequently brought to us), then she should first tell Barclays what her concerns are so it has an opportunity to respond. If she still feels unhappy after that, she may be able to bring a new complaint to this service. I can't award redress for any complaint where the financial business hasn't first been given a chance to put things right.

Putting things right

To put things right, Barclays should pay Mrs H total redress of £350 overall (so an additional £145 on top of the £205 it has already offered).

My final decision

I uphold this complaint and Barclays Bank UK PLC should pay Mrs H total redress of £350.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs H to accept or reject my decision before 6 January 2023.

Susan Webb
Ombudsman