

The complaint

Mr P complains that IG Index Limited sold his shares without his agreement.

What happened

Mr P is resident in the EU. Following Brexit, IG Index contacted Mr P to tell him it could no longer service his account and that he needed to close any open positions or transfer them to another provider by 31 March 2021.

Mr P had two shareholdings in his account. He sold one holding on 30 March 2021. He couldn't sell the other holding, which I'll refer to as "D", through IG Index's online platform, because it could only be traded over the counter ("OTC"). Mr P phoned IG Index on 30 March and was told that D shares couldn't be sold through IG Index at all. He says he was told he'd either need to wait for the shares to be re-listed, wait for the company to make a distribution, or he'd need to give instructions to transfer the shares to a broker who could deal OTC. Mr P says he was told there was no deadline for this and that the shares would remain in his account.

Mr P gave instructions to transfer D shares to his bank account on 15 May but was told the shares had been sold on 6 April.

Mr P says the shares were sold at US\$1.09 without his agreement and the price has since risen. He wants IG Index to repurchase the shares and transfer them to his chosen provider.

IG Index said Mr P was given the wrong information during the call on 30 March. But that, if he hadn't been misinformed, he could have sold his shares that day for the same price that was achieved on 6 April. So IG Index didn't think he'd made a financial loss. It said it sold his shares as set out in its various written communications with Mr P and that it had acted in line with the agreed terms and conditions. It offered to pay him £200 as an apology and a gesture of goodwill.

Our investigator didn't recommend that the complaint should be upheld. He couldn't conclude that Mr P had been treated unfairly or suffered a financial disadvantage because of the wrong information he'd been given. He thought IG Index's offer of £200 was fair and reasonable.

Mr P didn't agree. He replied in some detail to say, in summary, that:

- The investigator wrongly said that IG Index had a UK regulatory obligation to sell his shares. The FCA didn't prevent IG Index from continuing to service his account.
- The investigator said IG Index had to sell his shares to comply with UK law. He'd like to understand what legislation the investigator is referring to.
- If he hadn't been given wrong information on 30 March, he would have given his instruction to transfer the shares to his chosen provider on that day.
- IG Index failed to give him timely and correct information as required by the FCA.

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. There is a considerable amount of information here 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.

Following Brexit, IG Index decided it couldn't continue to service accounts for consumers resident in the European Economic Area ("EEA"). It contacted Mr P to let him know that he would need to sell or transfer his investments and arrange to close his account. It said it needed him to do this by 31 March 2021.

I find that IG Index acted in line with the agreed terms and conditions in giving Mr P notice of the closure of his account. If it had continued to provide a service to Mr P, it would've needed to comply with local law and regulations. So, having taken the commercial decision not to provide a service, it needed to ensure Mr P's shares were sold or transferred by an agreed date to ensure it wasn't in breach of those local laws and regulations.

Mr P phoned IG Index on 30 March. I've listened to this call and I think Mr P made it clear that he wanted to sell both of his shareholdings. He was able to sell one of his holdings online. He told IG Index he couldn't sell D shares online and that it would have to be dealt manually. IG Index gave him the wrong information during this call. It told Mr P it couldn't sell D shares and that, if he wanted to sell, he'd have to transfer the shares to another broker. It told him there was no deadline for these instructions and that his account would remain open until such time as the shares could be sold, a cash settlement was received, or Mr P provided transfer instructions.

Mr P queried this information – because all other IG Index's communications gave a 31 March deadline for instructions. But he was told this could be ignored.

Following his complaint, IG Index accepted Mr P was given the wrong information during the phone call. It apologised and offered to pay him £200 as a gesture of goodwill. I've carefully considered whether it needs to do more but have concluded its offer is fair and reasonable. Let me explain why.

Mr P told us that, if he hadn't been given the wrong information, he would have given instructions – on 30 March – to transfer D shares to another provider. I'm sorry, but I don't agree. I say this because, firstly, during the call Mr P made it reasonably clear that his intention was to sell D shares – and he knew he needed to do this before 31 March. He said:

"I'm not able to sell all of my shares, I need help";

"I want to sell the shares and transfer the money";

"...the other ones [D shares], maybe because they're in the secondary market, I can't sell them on your website, so you need to do it manually";

"I don't want to find another broker, I want to get rid of them".

And, secondly, Mr P didn't have a broker he knew who would be able to accept and trade his holding of D shares. So I don't think he was in a position to give transfer instructions on 30 March, even if that's what he wanted to do.

IG Index could have taken an order to sell D shares during Mr P's call on 30 March. If IG Index hadn't given Mr P the wrong information, I think he would – more likely than not – have given instructions to sell D shares during this call.

My aim, when a business has done something wrong, is to put the consumer back in the position they'd be in if the mistake hadn't been made. For the reasons I've explained, I think that, if IG Index hadn't given Mr P the wrong information, he'd have given instructions to sell D shares on 30 March 2021. The highest price for D shares on that day was US\$1.09. And that is the price that was received when IG Index sold Mr P's D shares on 6 April. So I don't find Mr P is in a worse financial position because of the wrong information he was given.

I find that, with the exception of the information Mr P was given during the call on 30 March, IG Index made it reasonably clear that it needed Mr P's instructions by 31 March 2021. And that it made it reasonably clear that it would sell his shares if it didn't receive his instructions by that date. For these reasons, I don't find it treated Mr P unfairly when it sold his holding of D shares on 6 April 2021.

I understand Mr P's strength of feeling on this matter. And I can understand, having seen the price of D shares rise, why he was upset to find IG Index had sold his shares – and after it had told him it couldn't. But, for the reasons I've explained, I don't find IG Index has treated Mr P unfairly or unreasonably in the circumstances. And that, if it hasn't already credited his account with £200, it should arrange to pay that to him now.

My final decision

My final decision is that IG Index Limited should pay Mr P £200 for the distress and inconvenience caused by the wrong information it gave him, if it hasn't already done so.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 1 February 2023.

Elizabeth Dawes
Ombudsman