

The complaint

A company, which I'll refer to as "P", complains that Seedrs Limited has failed to remove statements on its crowdfunding platform relating to it. P says this has caused distress and threats to its directors.

What happened

Seedrs is an online crowdfunding platform designed to assist startups and unlisted companies who wish to raise capital through issuing shares to investors. Companies, such as P, pitch their investment opportunity to Seedrs investors via marketing campaigns hosted on the platform.

In 2019, P used Seedrs crowdfunding platform to promote two rounds of funding in the business. Investors were able to purchase shares after viewing the promotion on Seedrs' website. Information about the company was made available within the promotion. There was a section that provided updates and also the ability for investors to place comments on a post investment discussion thread. In 2020, P raised further capital offline. Following this a dispute arose regarding Seedrs' investors' rights to a join a retrospective pre-emption round. This led to updates and posts being made on Seedrs' website.

P contacted Seedrs after reviewing updates about investors' ability to participate in a pre-emption share issue. It was unhappy about comments made by investors about P on the post investment discussion, so asked Seedrs to remove the posts. P felt there were statements that were inflammatory and encouraged 'trolling' of its directors. When the posts weren't removed, P raised a complaint with Seedrs about the situation, setting out which posts it wanted removed.

Seedrs responded to the complaint. In summary it said:

- There is an ongoing dispute between Seedrs and P regarding the missed pre-emption round. The updates it provided were intended to keep investors informed on the status of their investments and did this by providing Seedrs' point of view on the ongoing dispute. It didn't consider any of the content to be deliberately inflammatory or misleading in nature.
- In respect of the posts made by other investors, it agreed to remove one post. But said it considered the other posts highlighted by P to be acceptable use of the discussion section on the website. It acknowledged that investors had expressed dissatisfaction but said as long as the language used is not "abusive, trolling, spam, or otherwise inappropriate" (in accordance with paragraph 5.6 of the Seedrs Membership Agreement) it wouldn't be removing the posts.

P didn't agree with what Seedrs said and referred the complaint to this service. It said Seedrs has caused significant distress and upset through its publication of inflammatory statements and the encouragement of 'trolling'.

One of our investigators reviewed the complaint and didn't think it should be upheld. In summary she didn't find Seedrs had treated P unfairly or done anything wrong. She acknowledged that P had found the posts to be inflammatory but didn't think Seedrs'

decision not to remove them was unreasonable as she felt it had discretion to exercise its judgement on this.

P disagreed and asked for an ombudsman to reach a decision on the complaint.

It summary it said:

- Seedrs initiated ‘trolling’ aimed at P’s directors and fellow investors through the publication of misleading and inflammatory statements. The update statements Seedrs provided were incorrect. The company did offer Seedrs investors the opportunity to participate in the pre-emption investment round, but it didn’t receive a reply by the deadline set. It applied the process set out in the Articles of Association.
- Seedrs failed to remove posts that met the definition of ‘trolling’ – it felt the posts were “inflammatory, insincere, digressive, extraneous, or off-topic messages”.

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 acknowledge there is a dispute between P and Seedrs about the pre-emption share rights of Seedrs investors following the 2020 offline raise. But in deciding this complaint, I am not required to reach a conclusion on this dispute. So I haven’t investigated this issue and will not be commenting on the actual dispute. I will only refer to it where it has relevance to the complaint I’m considering.

P’s complaint centres around the information that was posted on Seedrs’ website. The first issue relates to the update posted by Seedrs in early December 2020. I’ve reviewed the information in the updates including the response P posted itself and the further responses from Seedrs. These posts clearly set out the background to a dispute between the two parties. The content in the initial Seedrs update, in my view, is informative and factual. It does say P has decided not to offer pre-emption shares to investors. While this point is at the heart of the dispute, the information provided isn’t critical of P and I don’t find the language used as inflammatory. P responded with its view of events, which it is entitled to. Seedrs then provided further information on the dispute and another brief response, which confirms the disagreement and seeks to distance itself from accusing P of dishonesty. I’m satisfied these are balanced responses, which don’t encourage others to ‘troll’ P’s directors. So, in this situation, I don’t find it reasonable to required Seedrs to remove the posts.

Turning to the posts on the discussion page. Seedrs explained it does not actively monitor this section of the website, and this was disclosed to both investors and investee businesses. But where concerns are raised, it may intervene at its discretion to remove posts it considers to be “abusive, trolling, spam, or otherwise inappropriate”. It has referred to paragraph 5.6 of the membership agreement. This says:

“5.6 Interactions with Other Seedrs Members. You are solely responsible for your interactions with other Seedrs members. We reserve the right, but are not obliged, to monitor actions and disputes between you and other Seedrs members, and we reserve the right to remove any communications that you post that we consider to be abusive, trolling, spam, or otherwise inappropriate (including any discussion of commencing legal action).”

I note Seedrs agreed to remove one post as it felt it breached the above but didn’t feel any of the remaining posts needed to be removed. P has highlighted several posts from investors that it would like removed. I’ve considered the above information from the membership agreement and reviewed the remaining posts on the discussion page. The first thing I would

say is that Seedrs didn't agree to monitor the interactions between parties but only said it would remove anything that it considered to be inappropriate for specific reasons.

Having reviewed everything, I'm not persuaded Seedrs needs to take any further action. I can understand why P would like the posts removed. But in my opinion the decision Seedrs made not to remove posts isn't unfair or shows that it has acted outside of the terms of the membership agreement. Clearly, there is an underlying issue regarding the dispute between the parties about pre-emptive rights. But as previously mentioned, I won't be commenting on any wrongdoing of either of the parties on this subject. I'm satisfied Seedrs had discretion to remove post that it found inappropriate, and it has exercised that discretion in a way that has treated P fairly.

For the reasons I've given, I don't require Seedrs to do anything further. I appreciate this will come as a disappointment to P, but I haven't found grounds to uphold the complaint or make an award of compensation that it claims.

My final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask P to accept or reject my decision before 5 July 2023.

Daniel Little
Ombudsman