DRN-4225668

The complaint

Mr D complains that Financial Administration Services Limited ("Fidelity") cancelled two online orders without his agreement. He wants Fidelity to honour the orders, and to pay him compensation for the anxiety he's been caused.

What happened

Mr D had a holding in a fund, which I'll refer to as "F". After the markets closed on 26 September 2022, Mr D placed two online orders for the sale of F. He received online confirmation that the orders had been received.

On 29 September the orders were cancelled. Fidelity said its website had showed the wrong price. It offered to allow Mr D to place the orders again, at the correct price he would have received on 27 September if his orders hadn't been cancelled. Mr D complained and asked Fidelity to reverse the cancellations and execute the sales at the price it had displayed when he placed the orders.

When the complaint was referred to us, Mr D also said he wanted compensation for the anxiety he'd been caused. Fidelity offered to pay him £50. But it didn't agree to place the orders at the price displayed on 26 September, because this price was wrong.

Our investigator concluded Fidelity's offer of £50 was fair.

Mr D didn't agree. He said, in summary, that:

- Fidelity should have internal systems and controls in place to prevent wrong prices being displayed.
- Fidelity's terms say it "*accepts no liability for failure to carry out any Electronic Order which you place using the Electronic Dealing Facility unless you can show that you have received a reference number and an accurate confirmation of such Electronic Order*." He says he received confirmation of his orders, so Fidelity should be liable for their completion.
- He's spent time dealing with this matter and has been caused distress. He won't accept less than £15,000 compensation.

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.

In September 2022, F was subject to a merger and was re-opened for dealing on 26 September.

Fidelity relies on a third party to supply its pricing information. On 26 September incorrect pricing information was received and F was showing at a notional price of £100. This was a significant increase from the correct price.

Mr D has quoted from Fidelity's terms and says that Fidelity must honour the orders because he received confirmation of the orders. But he'd placed orders to sell a fund, so he received a receipt for his instructions, rather than confirmation that the orders had been placed.

Fidelity's terms explain that it doesn't accept responsibility for inaccurate data provided by third parties. It says:

"*Fidelity does not accept any responsibility and will not be liable for the inaccuracy or incompleteness of any information received by you or by Fidelity through the Service which ….. originates from information obtained from third parties (other than such inaccuracy or incompleteness arising as a result of Fidelity's negligence, fraud or wilful default)"*

I'm satisfied that Fidelity wasn't negligent here. It reasonably relied on pricing information from a third party. It identified, within a reasonable time period, that the pricing information for F was wrong. So I'm satisfied it had appropriate systems and controls in place to identify the error.

Knowing Mr D would not receive anywhere near the price he'd seen when he placed the orders, I think it acted reasonably in cancelling the orders and contacting Mr D to tell him what had happened.

Even though the agreement terms say that Fidelity isn't liable for the inaccurate price, I need to decide what is fair and reasonable. I don't think it's fair or reasonable that Mr D should receive a price for his holding of F units which he reasonably must have known was wrong when he placed the sale orders because it was so much higher than the true price. And that price was never available.

I think Fidelity treated him fairly by recognising that he may have taken the decision to sell based on the incorrect price and offering him around a month in which to decide if he wanted to place the orders again at the price he should have been offered if the display was accurate - £2.81 (rather than £100).

After the complaint was referred to this service, Fidelity recognised that the mistake in the price display and the cancellation of the orders will have caused Mr D some upset, and it offered to pay him £50. I appreciate Mr D would like considerably more than this. But I find the sum offered to be fair and reasonable.

My final decision

My decision is that Financial Administration Services Limited should pay Mr D £50.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 7 August 2023.

Elizabeth Dawes
Ombudsman