

## **The complaint**

Ms K complained that Equiniti Financial Services Limited ('Equiniti') unreasonably refused to send her share sale proceeds by electronic fund transfer ('eft') when she was unable to bank the cheque it issued her.

To put things right, Ms K wants Equiniti to cancel the cheque and pay her by way of an eft. Failing that, she wants Equiniti to issue a cheque payable to a close relative who can process the cheque through a UK bank account and transfer the money to her.

## **What happened**

Ms K's complaint relates to the payment method used by Equiniti after it dealt with the sale of her shares through its Postal Share Dealing (PSD) service.

In line with the terms of the PSD service, Equiniti issued a cheque payable to Ms K for the sale proceeds. But since Ms K lives overseas and doesn't have a UK bank account, and her overseas bank can't accept a UK bank cheque, she has been unable to access her money.

There was an exchange of emails and phone calls between Equiniti and Ms K about this issue. Equiniti said one of its customer care handlers had incorrectly told Ms K it could issue her sales proceeds by way of a 'BACS' transfer (this is shorthand for 'Bankers' Automated Clearing System' and it's a way to move money between accounts). Equiniti explained it didn't provide a service to transfer funds to Ms K's country of residence because it was unable to verify accounts in that country. To put things right for Ms K, Equiniti offered to repurchase the shares.

Our investigator didn't feel able to uphold Ms K's complaint on the basis that we wouldn't expect Equiniti to go against its terms and conditions and we aren't in a position to ask a business to change its processes.

Equiniti didn't respond to the investigator's view. Ms K disagreed with the investigator's assessment. She mainly said:

- all companies can do an eft
- she does not want to hold the shares because the small amounts involved have proved problematic so the most sensible thing was for her to sell them
- she considers that Equiniti could help her but will not do so '*...because they are totally hide bound*'.

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.

'My focus is on what I think are the key issues here. Our rules allow me to do this and it simply reflects the informal nature of our Service as a free alternative to the courts. I can tell Equiniti to pay compensation or take other steps to put things right if I am satisfied that it did something wrong or acted unfairly or unreasonably and this led to Ms K suffering some financial loss and/or other detriment. So I've kept this in mind when thinking about Ms K's complaint.

The crux of the matter seems to me to be whether Equiniti has acted fairly and reasonably towards Ms K, given the difficulties she is facing obtaining the proceeds from the sale of her shares.

I've taken into account that Equiniti has said that Ms K shouldn't have received the mailing it sent, offering registered shareholders the chance to sell shares no longer required through the special PSD service it offered. Equiniti doesn't offer any dealing facilities for shareholders that reside outside the UK or the European Economic Area.

But Ms K was automatically included in the mailshot because her registered address was a UK address – even though she is resident overseas. This meant she received information about the PSD service – even though it wasn't a service that was suitable for shareholders not resident in the UK. If Ms K had not received this mailing in the first place, she wouldn't have participated in the PSD scheme and the problems she is now dealing with wouldn't be an issue for her. But had Ms K's home address been properly registered, which it was her responsibility to do, then she would not have received the mailing. So I think it's fair to say that at that stage, Equiniti couldn't have known that the mailshot shouldn't have gone to Ms K because it reasonably thought she would be living at her registered address and had no good reason to think she was living overseas.

However, when Ms K contacted Equiniti about the difficulties of getting a 'wet' signed application back to Equiniti, I think it should have been prompted at that point to query whether Ms K was still resident in the UK. If Equiniti had done that, it should have realised that Ms K was permanently resident overseas and so its special offer PSD service wasn't suitable for her. Equiniti has acknowledged that allowing Ms K to sell her shares this way '*...was a mistake.*' I find that this admitted service failing on Equiniti's part is a good enough reason for me to uphold her complaint. So I need to consider what Equiniti should do to put things right for Ms K.

There's information on our website which explains the Financial Ombudsman Service approach to redress. Briefly, I need to decide what the impact on Ms K has been as a result of Equiniti making an error. When thinking about what redress is fair and reasonable, it's important to keep in mind that the ombudsman approach is to try to put Ms K back, as closely as it's reasonably possible to do, into the position she would've been in but for Equiniti's mistake.

Equiniti has offered to correct the position by repurchasing the shares – an offer which Ms K declined. I am satisfied that, at least in terms of her shareholding, this would restore Ms K to the position she was in before she used the PSD service, so she could then reconsider other options. Equiniti has said it should have told Ms K that she could transfer the shares to a local broker where she now lives or even transfer them to a trusted family member or friend in the UK, with a view to them selling the shares for her – although in that case, I think all parties involved in the transaction might benefit from seeking advice as this arrangement could have tax or other implications for those concerned.

I appreciate that Ms K feels strongly that Equiniti should simply be more flexible and do what it takes to get her money to her. But I can't fairly say that Equiniti is obliged to send payment in the way Ms K would prefer by eft. Equiniti's terms and conditions clearly stipulate that

sales proceeds can only be issued via cheque sent to the registered address on the holding – and that's what happened here. Nonetheless, just because Equiniti acted in line with its terms and conditions doesn't mean it can't fairly and reasonably be expected to do more and I've considered whether it should explore some other payment methods in this case.

I don't think however there are any reasonable alternatives available here. To be clear, a BACS transfer isn't an option because that only allows money to move between UK accounts. And so far as transferring money by eft is concerned, in Ms K's case, Equiniti can't provide a service to transfer funds to the country where she now resides because Equiniti has no means of verifying accounts in that country. The processes it has in place and the systems it relies on to check identity and verify accounts use UK based information – so Equiniti can't carry out the necessary checks it needs to do for someone in Ms K's position who isn't resident in the UK and doesn't have a UK bank account.

Issuing a cheque payable to someone else for money owed to Ms K isn't something that Equiniti is allowed to do.

I understand why Ms K believes that Equiniti should be more flexible in its requirements but how financial businesses choose to operate and the services they offer are matters that come under the oversight of the regulator - the Financial Conduct Authority (FCA). It's not part of my remit to tell Equiniti it should change its processes.

Ms K is looking to Equiniti to provide a solution for her. But if Ms K doesn't want to accept Equiniti's offer to buy back the shares, I think the onus is on Ms K to explore and evaluate what other options are open to her and she will want to think about whether these are cost effective solutions for her. I find that Equiniti has done everything I think it's fair to expect it to have done in terms of suggesting ways around the problem she faces encashing the cheque for her sale proceeds.

However, I agree that Ms K was entitled to expect a better level of service from Equiniti than she experienced when she was wrongly led to think that a BACS payment would be the solution to her problem. I've carefully listened to the call recordings of discussions Ms K had with Equiniti and it's clear to me just how frustrating Ms K found the situation. Ms K put things this way in her complaint to us: *'...I did not realise the nightmare this would cause.'*

Whilst I accept that payment by BACS was never a possibility here, Equiniti wrongly led Ms K to think otherwise. And I think this inevitably added to the overall stress this matter caused her – bearing in mind that the situation was avoidable had Equiniti realised sooner (as I think it ought to have done) that Ms K shouldn't have been invited or enabled to participate in the PSD service at all.

It's my provisional view that Equiniti should pay fair compensation that reflects the impact on Ms K of the shortcomings in the service it provided to her on this occasion. Given everything I've said, and keeping in mind the value of the share proceeds at the heart of this complaint, I consider that an award of £75 is in line with the amount this service would award in similar cases and it is fair compensation for the frustration and stress suffered by Ms K in these particular circumstances.'

### **What the parties said in response to my provisional decision**

Ms K didn't agree with my findings. She still felt she'd been ignored by Equiniti when she'd asked if her money could be paid into a UK bank account belonging to a trusted relative and provided authorisation for this to happen, and that Equiniti had been unhelpful when she'd asked about doing an eft.

Equiniti confirmed it had nothing further to add and accepted the compensation award.

### **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.

We've set out our approach to dealing with complaints on our website and I've kept this in mind while deciding this complaint.

I've taken carefully into account everything that's been said in response to my provisional decision. I'd like to assure Ms K that I've thought carefully about everything again before coming to my final decision.

Ms K hasn't provided me with any new information that changes what I think about this case. I'd already considered all the main points mentioned above when thinking about my provisional decision. I have addressed in my provisional decision all the points which have a bearing on the outcome. I appreciate that Ms K takes a different view to me. But, for all the reasons I explained, I still think what I've said in my provisional decision is fair and reasonable.

### **Putting things right**

To put things right for Ms K, Equiniti should pay her £75 compensation to reflect the impact on her of the service failings I have identified.

Equiniti should also hold open its offer to Ms K to repurchase the shares if she changes her mind on this point and she asks it to do so within the next month.

### **My final decision**

I uphold this complaint and Equiniti Financial Services Limited should take the steps set out above to put things right for Ms K.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms K to accept or reject my decision before 31 August 2023.

Susan Webb  
**Ombudsman**