

The complaint

Mrs P complained about the service provided by IG Markets Limited. She said it delayed arranging for additional shares to be added to her ISA account from a rights issue. Mrs P said whilst she was trying to chase this up and sort it out, IG provided poor service. She said she was also looking to sell her parent holding shares sooner but couldn't until the rights issues shares had been added. She said it had caused her distress and inconvenience along with investment losses.

What happened

In September 2021, Mrs P arranged to transfer her stocks and shares ISA from a third party to IG Markets. Mrs P could see that one of the companies she had invested in, had raised a rights issue and she wanted to take them up. Mrs P said she contacted IG Markets on several occasions to arrange for this to happen.

IG Markets said it needed to discuss with the previous ISA provider when the shares were bought so that it knew what Mrs P was entitled to. It said it discussed this with Mrs P and suggested she pay a sum of money into a separate investment account, whilst the transfer of her ISA was completing. Mrs P did this.

On 22 September 2021, an entry appeared on Mrs P's investment account that stated the rights were taken up for the company in question. Then shortly after this, the entry was removed. This left the cash that Mrs P transferred into the account, sitting as the balance.

Mrs P didn't hear from IG Markets after this point or said she saw anything in her account or account statement about the rights issue. Mrs P at this stage was expecting to see the money being taken out of her account in exchange for the rights issue shares. This didn't happen so on 20 and 27 October 2021, Mrs P sent emails to IG Markets asking where the additional shares were. Mrs P didn't get a reply to her messages so on 8 November 2021, Mrs P made a complaint to IG Markets about what had happened.

IG Markets replied in March 2022 and said it upheld Mrs P's complaint. It said sorry for the error and inconvenience it had caused. It initially offered £150 as a gesture of goodwill (and then latterly raised this to £350). It said it agreed that Mrs P was entitled to receive shares from the rights issue. It confirmed that the shares she had taken up had been booked on the account. On the same day, IG Markets arranged for Mrs P to have the rights shares on her investment account.

Mrs P wasn't happy with IG Market's response. She said if the shares had been booked onto her investment account when they should have been, she would have sold her parent shares a lot sooner.

I issued a provisional decision on this complaint in July 2023. Both parties have received a copy of that provisional decision, but for completeness I include an extract from the decision below. I said;

"I uphold Mrs P's complaint. I currently think £350 compensation for distress and inconvenience is a fair and reasonable amount for IG Markets to pay. But I don't currently think it needs to do anything further.

These are my findings that explain why:

- Mrs P wanted to take up a rights issue for one of the shareholdings in her stocks and shares ISA. She was also in the process of transferring her ISA to a new provider: IG Markets.
- I can see that IG Markets and Mrs P discussed the rights issue. IG Markets said to Mrs P that it would be best for her to transfer money to an investment account, so that it could then arrange taking up the rights issue shares on her behalf through this, whilst the transfer of her ISA was also taking place.
- Mrs P transferred the correct amount of money into an investment account set up for this purpose. IG Markets says it discussed what Mrs P was entitled to with the previous ISA provider. Also, on a statement for the investment account, dated 23 September 2021, I can see that IG Markets had done some initial work regarding the rights issue, as an entry appeared about it. The entry listed the shareholding and stated that the rights had been taken.
- This leads me to conclude that on balance, IG Markets did take up the rights that Mrs P was entitled to and did at this early stage carry out her instructions to do so. If things had gone according to plan, IG Markets says it should have booked Mrs P's shares onto her account and debited the funds on 1st October 2023 at the earliest. This is because on the rights issue timetable the date for payment for the additional shares was showing as 28 September 2023. IG Markets said it would take it 3 working days from this point to do what it needed to make this happen. But this isn't in reality what happened.
- Mrs P has provided a statement of her account from 4 October 2021, that shows only the money she deposited. There is no other information at this stage about the rights issue. I think Mrs P is right to have been apprehensive about this. Even though I have concluded that IG Markets did take up the rights for shares on her behalf, I think seeing a statement that just showed a balance of cash only, must've been stressful and worrying for Mrs P. I can see why Mrs P would want to find out what was going on.
- Mrs P contacted IG Markets on 20 and 27 October 2021 to chase things up and didn't receive a response. She then made a complaint on 8 November 2021. Things didn't get better for her, as there was a long delay caused by IG Markets. Then when IG Markets did initially respond, it said she wasn't entitled to the rights shares. Again, this would have caused Mrs P distress especially after the discussions she had already had with IG Markets and the amount of time and effort she had put in to ensure that she took up her rights and bought the shares.

- IG Markets did then respond properly in March 2022, said sorry and offered to pay compensation for distress and inconvenience. Its current offer to Mrs P is £350 and for all the reasons I have just outlined, I think this offer is fair and reasonable in the circumstances. Mrs P has had to deal with an unnecessary amount of distress and worry in trying to ascertain what was going on. I think IG Markets should have simply contacted her early on and reassured her that it was dealing with her rights shares. But it didn't. It says this was due to a mixture of confusion about the transfer of her ISA and poor service. I uphold Mrs P's complaint about all of this and direct it to pay the compensation it has offered of £350 to her.
- What is left for me to decide is, whether Mrs P would've sold her parent shares in the company sooner if her rights shares had been booked but for the delay caused by IG Markets. This is something Mrs P said she would have done. She says this is because she wanted to keep the rights shares at a lower buy in price but sell the parent shares when the price was high. She produced some information that showed she and her husband had done this in a different account with a third party.
- I understand what Mrs P is saying regarding what she did about the rights issue on another account. But I am not persuaded that this alone would indicate, on balance, that she wanted to do the same thing with her parent holding held with IG Markets. After all, Mrs P could well have decided to sell her parent holding in one account, and not in another.
- I would need to see more about her intentions for the parent shares held in this account, such as anything stated in an email, call recording or letter to IG Markets. I have reviewed all the correspondence between the parties, and I haven't seen anything from Mrs P where she has said she wanted to sell her parent holding once the rights shares were booked.
- It is for the reason I have given, that I currently cannot be sure that Mrs P would have wanted to sell her parent holding shares sooner, but for the delay caused by IG Markets. I would need to see more evidence about this to conclude otherwise. So, it follows, that I don't currently think IG Markets needs to compensate Mrs P here for any investment losses.

Overall, I uphold Mrs P's complaint and agree that she suffered distress and inconvenience by IG Markets due to the delay it caused and for how it responded to her requests. But IG Markets do not need to do anything further."

I asked both parties to let me have any comments, or additional evidence, in response to my provisional decision. IG Markets said it had no additional information to add. Mrs P did not respond.

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.

Neither party has anything further to add that I feel I need to comment on or that will change the outcome of this complaint. So, because of this, I don't see any reason to depart

from my findings within my provisional decision. So, I uphold Mrs P's complaint and IG Markets now needs to put things right.

Putting things right

For the reasons given above, IG Markets needs to:

- Pay Mrs P £350 for distress and inconvenience for the delays it caused in booking her rights issues shares. This delay was excessively long, and IG Markets did not communicate with Mrs P about the rights issue as quickly as it should have done. This would have caused Mrs P distress and worry about it.

My final decision

My final decision is that I uphold Mrs P's complaint about IG Markets Limited. I direct IG Markets Limited to put things right as I have described above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs P to accept or reject my decision before 15 September 2023.

Mark Richardson
Ombudsman