

The complaint

Mrs D complains that Interactive Investor Services Limited (trading as '*Interactive Investor*' and referred to in its terms of service as '*IISL*') misinformed her by giving false information on its website. She says it promoted online trading for gilt-edged securities ('*gilts*') but after requesting to sell her holdings, she was told that IISL could only trade by telephone.

Mrs D says IISL's actions have caused her a delay and an associated loss in value, and she wants to be compensated for that. She also believes IISL's unfair practice ought to be investigated since she feels it is offering services which it cannot properly fulfil.

What happened

In February 2023, Mrs D purchased some TR25 gilts using IISL's execution only investor trading platform.

On 20 March 2023, she sought to sell her gilts using the platform, but when doing so received an error message relating to a dealing restriction. After contacting IISL using its online secure messaging facility, she was told that she had to undertake her order to trade via telephone; IISL had decided to place restrictions on online trading, due to the nature of the investment.

Mrs D complained. She said if she had known she had to use the telephone to place trades, she wouldn't have opened up her IISL account – particularly if there was a £49 fee. She also didn't believe the gilts had any complexities that would restrict her ability to sell them online.

IISL told Mrs D that it wouldn't charge a £49 telephone fee, because it had imposed the restriction. So in using the telephone, it would only apply web rates to any customer trading the gilts; it would fairly charge fees for the transaction as if it had been completed online.

IISL rejected the complaint on 30 March 2023. It firstly (mistakenly) noted TR25 as an index-linked gilt. It also said that there would be occasions where it couldn't allow online trades and this was accounted for within its terms of service. IISL also said it tried to facilitate online trades as far as possible, but that particular trade had to be undertaken by telephone.

Mrs D brought her complaint to this service. She said IISL had never told her that she couldn't trade her gilts online. She disputed that any restriction ought to apply, since UK fixed-interest securities were a widely available investment. She said IISL had mistakenly discussed index-linked gilts but TR25 was a conventional gilt and not index-linked.

Mrs D said she had encountered two other errors when undertaking different online trade orders. Overall, Mrs D felt IISL was unfairly advertising services that it couldn't actually fulfil and reverting to terms which contradicted the services it claimed to offer.

An investigator reviewed the complaint, but she did not think it should succeed. She was not persuaded that IISL had acted unreasonably, noting that its terms of service allowed for situations where if it could not permit trading online, the telephone could be used. She noted Mrs D had been offered one free trading credit by IISL, which she felt was fair.

Mrs D disagreed with our investigator. She didn't have any additional submissions to make, but she asked for the complaint to be referred to an ombudsman. IISL didn't have any further comments to make either. The complaint has now been passed to me for review.

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.

Though I know my decision won't be what Mrs D has hoped for, I cannot uphold her complaint and I agree with the outcome our investigator reached. I'll explain my reasons for reaching this view below.

I note Mrs D would like us to be able to investigate how IISL offers its services. However, we do not act in the capacity of a regulator. That means our decisions don't ordinarily interfere in how a business may conduct its operations or exercise what may be commercial judgment on the provision of a particular service. That remit falls to the Financial Conduct Authority ('FCA').

The Financial Ombudsman Service provides informal dispute resolution. My role is to make findings on what I believe to be fair and reasonable in the circumstances; in this case, that requires me to consider whether IISL acted unfairly when dealing with Mrs D's investments.

I do understand the frustration Mrs D has suffered, as explained in her complaint to this service. Whilst she is entitled to form her own view on the reasonableness of IISL's decision not to allow her TR25 gilts to be traded online, I must also do the same. And from an objective standpoint, I cannot say it has acted unfairly. This is because the terms of service that apply to Mrs D's investor account allow IISL to refuse an online trade. Those terms also permit it to determine which services will be undertaken online or via its website.

The terms say:

"2.2 We have sole discretion as to which financial instruments are available to trade on our platform from time to time.

3.1 We will treat each order you place for the Stockbroking Services as an offer to purchase services subject to these Terms. We may, at our reasonable discretion, refuse to accept any order or instruction from you, or we may accept your order subject to certain conditions, or we may, acting reasonably, refuse to proceed with an order that we have accepted. If we do this, we will notify you in writing unless we are prevented from doing so by law.

3.3 We will use reasonable endeavours to ensure our Website is available for trading online and our Trading Apps are available for trading. However, we do not promise that access to either our Website or online trading will always be available.

3.4 If you are unable to access our Website to trade online or through our Trading Apps, you may telephone us as detailed in clause 23.5 to place an order."

Mrs D doesn't want to complete trading by telephone, and that is entirely a matter of her choosing. However, I do not believe that because IISL has advertised previously that it facilitates the online trading of gilts, that I must order it to disregard its own terms of service. The terms are explicit in confirming that IISL cannot always provide online trading, and in the event it is unable to do so, a customer can place their trade by telephone.

IISL provided Mrs D with a reasonable alternative to sell her investment at the time of her choosing, with a confirmation that it will not charge her telephone fees but instead restrict the charges to web rates to account for the current inability to trade online. It follows that I cannot agree IISL ought to offer Mrs D compensation for monetary loss. It was Mrs D's decision not to undertake the sale by telephone; though she was unhappy with this slight obstacle, IISL did not prevent Mrs D from trading such that it should be liable for any loss in value.

IISL has also given Mrs D a free trading credit by way of an apology. I consider this a reasonable proposal – notwithstanding that I cannot conclude IISL is at fault in any event, because it was not bound by any provision to comply with Mrs D's request to sell her TR25 gilts online. I therefore am unable to uphold the complaint or ask IISL to do anything more than it already has.

My final decision

I do not uphold this complaint, for the reasons set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs D to accept or reject my decision before 19 March 2024.

Jo Storey
Ombudsman