

## **The complaint**

Mrs S complained about Solium Capital UK Limited trading as Morgan Stanley at Work (Morgan Stanley). She said it reinvested a dividend, that she wanted paid into her account.

Mrs S said she has made investment losses. She also said Morgan Stanley has caused her distress and inconvenience.

## **What happened**

Mrs S holds shares in Aviva, and these are administered by Morgan Stanley. She holds Aviva shares in a share ownership plan in addition to holding a number of shares in a nominee account. Mrs S's complaint is about a dividend she received from the shares she holds in a nominee account.

On 18 May 2023, Mrs S was paid a dividend by Aviva for around £1312. Mrs S said she expected to receive this paid into her bank account. She said Morgan Stanley instead reinvested the money. Mrs S said that for her other Aviva shares held in the share ownership plan, her preference was set so that she received the dividend. Mrs S complained to Morgan Stanley about this.

Morgan Stanley said in response that it could see it reinvested Mrs S's dividend on 26 May 2023. It said it purchased around 308 shares on Mrs S's behalf. It said it could see the dividend election for her shares held on the nominee account was set to default. This meant that it would reinvest the dividend and buy more shares. It said this was in line with the terms it set for dividend payments on that account.

Morgan Stanley said it offered to sell the shares and waive the fees associated with this. It said it then offered Mrs S £60 compensation as a goodwill gesture and then came back and offered £100, but it said Mrs S turned this down.

Mrs S said she had a difficult time trying to resolve her complaint with Morgan Stanley. She said she asked for her referral rights for her complaint to be looked at by our service, but it put several obstacles in the way. Mrs S said she has lost out and has received investment losses and Morgan Stanley has caused her distress and inconvenience. Mrs S was not happy with Morgan Stanley's response and referred her complaint to our service.

An investigator looked into Mrs S's complaint. She said she couldn't say Morgan Stanley had made any errors. She said she looked to see if Morgan Stanley had made an error and couldn't see that it had. She was satisfied the information about how the nominee account worked was made clear to Mrs S. She thought the £100 gesture of good will was fair and reasonable in the circumstances.

Mrs S is not in agreement with the investigator's view. She said our service should listen to the calls that took place between the parties. She said it would show how obstructive Morgan Stanley were. She said in her opinion, a more suitable amount for the loss of money into her account and the upset caused is in the region of £250 compensation. She asked how a document hosted on Morgan Stanley's website in small print, supports that she was

given clear information. She said her other account had been set up so she has dividends paid into her account, so, she said, it should be reasonable to expect the same with this one.

Mrs S's complaint has been passed to me, an ombudsman, to look into.

### **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.

I've looked at the complaint afresh and I've independently reached the same conclusions as our investigator. I will explain why:

- Mrs S holds shares in Aviva and Morgan Stanley administers them. One of the roles Morgan Stanley is to receive the dividend payment from Aviva and then redistribute it to eligible shareholders.
- Morgan Stanley has provided documentation where it has explained to shareholders how it distributes the dividend. I have read an 'Aviva nominee frequently asked questions' form and a document entitled 'how to update your dividend election'. Within both these documents it explains that it provides two options. A shareholder can either opt to receive the dividend in cash or they can ask for it to be reinvested into more Aviva shares. If an instruction is not provided, then Morgan Stanley said there is a default option set on the account, and this is to reinvest the money into more shares.
- Mrs S received shares into a nominee account and didn't make an instruction to receive any dividends received in cash to her account for this. So, as this was the case, Morgan Stanley said it carried out the defaulted option which was to reinvest the dividend into more shares. I don't think it did anything wrong when it did this. I say this because, I can see that it was administering Mrs S's account, as it said it would from the outset.
- Mrs S also holds Aviva shares in a share ownership plan, and Morgan Stanley also administer this. Mrs S has provided an instruction with this, to receive her dividend in cash to her bank account. Mrs S has said that it should be reasonable to assume that she would want to receive her dividend in cash for the shares held on the nominee account too. But I can see the shares she holds with the nominee account and the share ownership plan are two different schemes, and so Mrs S would have needed to provide instructions on both.
- I wouldn't expect Morgan Stanley to administer dividend payments on one of the schemes based on what Mrs S's preferences were on the other. I can see that Mrs S would have needed to provide instructions on both schemes, or if not either or both would end up being held on a default setting, as is described by Morgan Stanley in its documentation.
- In summary, Mrs S provided an instruction to receive her dividend in cash for the share ownership plan but didn't provide an instruction for the shares held on the nominee account, so Morgan Stanley used the default setting and reinvested the money into more shares. Again, I don't think it has been unreasonable in doing this and I don't think it made any errors. So, I won't be asking it to do anything further here.

- Mrs S said Morgan Stanley caused her distress and inconvenience as it put obstacles in her way and delayed providing her with her referral rights to our service. I have read transcripts from these calls, and I acknowledge that from what I have read, it sounded like the parties were having a difficult time trying to resolve the issue. I can see though that Morgan Stanley was looking to resolve Mrs S's complaint. It provided an option to sell the shares for her and waived its fees and charges. At one point it also informed her that the share price of Aviva was higher than when the dividend was paid.
- Morgan Stanley initially offered £60 and then came back and offered £100 as a gesture of goodwill. As I have said, I acknowledge Mrs S had a difficult time in trying to resolve things with Morgan Stanley, But I can also see that it tried to offer options to do so.
- I can see the latest offer from Morgan Stanley is £100. It said this was broadly to cover waiving fees and charges if she decides to sell shares in the future to cover what her dividend payment would be. I think this is a fair and reasonable offer in all the circumstances of this complaint.

I appreciate that my decision will be disappointing for Mrs S as she said she felt a higher amount of compensation would be fairer. But based on everything I have read and the findings I have given, I think Morgan Stanley's offer is fair.

### **My final decision**

Solium Capital UK Limited trading as Morgan Stanley at Work has made an offer to pay £100 to settle Mrs S's complaint and I think this offer is fair in all the circumstances.

So, my decision is that Solium Capital UK Limited trading as Morgan Stanley at Work should pay £100 to Mrs S.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs S to accept or reject my decision before 25 March 2024.

Mark Richardson  
**Ombudsman**