DRN-4638611

The complaint

Mr H has complained about the length of time he waited on hold when telephoning Halifax Share Dealing Limited about his share account. Mr H has also claimed that Halifax Share Dealing Limited deliberately underquote the value of his investment, has doubled the annual administration fee on his account, and has taken the administration fee by selling units from his investments and not his nominated bank account.

What happened

Mr H holds a share dealing account. The administration of Mr H's account was moved to Halifax Share Dealing Limited (Halifax) in 2011.

Mr H says that he phoned Halifax about his share dealing account on 28 April 2023. He says that this phone call lasted 42 minutes, of which 20 minutes was spent on hold waiting for his phone call to be answered. Mr H has said that he had previously complained to Halifax about the length of time it takes them to answer his telephone calls.

Mr H has also said that Halifax are deliberately marking down the value of his investment. Mr H has added that his Halifax investment was valued at £17,111 in April 2021 but had fallen in value to £11,813 by January 2023.

Mr H has said that Halifax are charging him £36 a year for administering his share dealing account. Mr H has complained that this doubled from the fee previously charged. Mr H has also said that Halifax take this monthly fee by selling units in his investment, rather than from his nominated bank account. Mr H has said that Halifax has details of his bank account.

Mr H complained to Halifax about his issues above, and Halifax acknowledged Mr H's complaint on 28 April 2023. Halifax then issued their final response to Mr H's complaints on 1 May 2023.

Halifax didn't uphold Mr H's complaints. In response to Mr H's complaint about the 20 minute wait for his telephone call to be answered on 28 April 2023, Halifax said that as they are subject to customer demand there may be occasions when they are unable to meet the high standards that they say they set themselves.

With regards to Mr H's complaint about Halifax's administration fee, Halifax said that they had introduced a new customer yearly administration fee of £36.00, which was charged for the first time in April/May 2022. Halifax also said that they had told their customers about this

fee in advance by letter and email, so that their customers could then decide if they no longer wanted to keep their account with Halifax.

Halifax say that they contacted Mr H about this fee change between 27 January and 19 February 2021, 8 November and 24 November 2021, and 14 March and 21 March 2022. Halifax also said that this information was available on their website and in their Terms and Conditions.

Halifax added that they gave customers the opportunity to avoid being charged the new fee and gave details of options to action before 31 March 2022, if they didn't want to pay the new fee. Halifax has said these options were:

"• *Sell your investments online or by calling our Contact Centre (standard charges apply)*
• *Withdraw your shares onto a share certificate*
• *Transfer your account to another provider (This would need to be initiated with them directly)*"

Halifax has said that as they didn't receive any instruction from Mr H then they had applied the administration fee to his share dealing account.

Halifax has further said that the administration fee for the period April 2021 to April 2022 was collected from the cash balance held in Mr H's account on 26 May 2022 and that they'd "*ring fenced*" £24.66 in Mr H's account cash balance to partially pay his fee for the period April 2022 to April 2023. The remaining sum of £11.34 would be collected from Mr H's nominated bank account. However, Halifax said that they didn't hold a nominated bank account for Mr H, so he had until 12 May 2023 to add his debit card details to his share dealing account.

Mr H wasn't happy with Halifax's response to his complaints, so he referred his complaints to the Financial Ombudsman Service. One of our Investigators reviewed Mr H's complaints.

Our Investigator didn't uphold Mr H's complaints. Mr H disagreed with our Investigator's view and added that his bank account had remained on Halifax's file from the opening of his account and hadn't changed. Mr H said that there was therefore no reason why his administration fees couldn't be taken from his bank account.

Our Investigator asked Halifax about Mr H's comment above. In response Halifax said: "*Please be aware that direct debit mandates are not indefinite and expire and in Mr* (*H's*) *case his direct debit mandate expired in July 2022. He would not have been sent a letter regarding the expiry. As stated the account administration fee was introduced in Apr/May 2022 and Mr (H's) first account administration fee of £36 was taken from the cash balance of his share dealing account on 26th May 2022"*.

In response, our Investigator asked Halifax why Mr H's administration fee of £36 paid in May 2022 wasn't taken through his direct debit mandate as it hadn't expired until July 2022. Halifax didn't respond to our Investigator's question, so our Investigator told Halifax that they were now persuaded that Mr H's complaint should be partially upheld. This was because they thought Halifax should have sent Mr H a revised direct debit mandate to complete and return when his previous one expired.

Our Investigator's view was that Halifax should now send Mr H a new direct debit mandate so that future administration fees could be collected from Mr H's bank account and that Halifax should pay Mr H £50 in compensation for the trouble and upset he'd suffered.

Halifax has not responded to this view, so Mr H's complaints have now been referred to an Ombudsman.

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 will address each of Mr H's complaints in turn.

Mr H has complained that when he phoned Halifax about his share dealing account on 28 April 2023, he spent 20 minutes on hold waiting for his phone call to be answered. Halifax responded to this complaint on 1 May 2023 and apologised for Mr H having to wait for his call to be answered.

Halifax went on to say: "*I can confirm that the way we handle incoming customer's contacts and orders is subject to constant management scrutiny and service agreements. We endeavour to ensure that there are minimal waiting periods, however, as we are subject to customer demand there may be occasions where we are unable to meet the high standards we set ourselves. Please be assured, that this is under constant and rigorous review to minimise the potential for this to occur*".

I'm not going to comment on Halifax's business practices and I don't think that Halifax has failed to provide any service that it agreed to under its contract with Mr H. I do however note that Halifax has apologised to Mr H and explained that whilst they endeavour to keep phone call waiting times to a minimum, this can be subject to customer demand. I therefore don't propose to ask Halifax to take any further action in relation to Mr H's complaint about his telephone call.

Mr H has also claimed that Halifax deliberately mark down the value of his investment. As evidence of this Mr H has added that his Halifax investment was valued at £17,111 in April 2021 but had fallen in value to £11,813 by January 2023.

Halifax has explained that their service offering is "*execution only*". This means that they do not provide any investment advice or recommendations to Mr H. Instead, Halifax say that they only carry out Mr H's investment instructions and don't influence the value of any investment held on a share dealing account.

Halifax were not the fund manager for any investments held by Mr H. I therefore don't think that Halifax could influence in any way the value of Mr H's investments. Instead, as Halifax were providing the platform service for Mr H's investment holdings, I think that their role was administrative only.

I therefore think it reasonable that the reason why Mr H's investment value fell between April 2021 and January 2023 was because of a reduction in the market value of his investments, and not because of any action taken by Halifax to deliberately mark down the value of his investment.

I've not seen any evidence to show support Mr H's claim that Halifax deliberately marked down the value of his investments and therefore I don't uphold this part of Mr H's complaint.

Mr H has also complained about Halifax's yearly administration fee of £36. Mr H has said that this fee is double what he had previously been paying.

Halifax has said that their new customer administration fee of £36.00 a year was charged for the first time in April/May 2022. Halifax also said that they had told their customers about the new fee by both letter and email, so that they could decide if they didn't want to keep their account with Halifax.

Halifax say that they contacted Mr H about this change to their fees and gave Mr H details of options available to him if he didn't want to pay the new fee. I've set out above details of these options and the dates that Halifax contacted Mr H about the fee change above.

I think that Halifax's actions in giving Mr H advance notice of the fee change, together with details of what Mr H could do to avoid the fee change, were reasonable. I think this was a legitimate exercise of their commercial judgement to set prices for their services.

Halifax also gave Mr H details of the deadline to take action if he didn't want to pay the fee, but I've not seen any evidence to show that Mr H followed any of the options set out by Halifax. I therefore don't uphold Mr H's complaint about Halifax's yearly administration fee.

Mr H's final complaint is that Halifax has taken their yearly administration fee by selling units in his investments and not from his nominated bank account.

Mr H has added that details of his bank account have remained on Halifax's file since they took over the running of his account in 2011. Mr H has also said that his bank details haven't changed and therefore his administration fees should have been taken from his bank account and not his investment account.

As I've detailed above, when our Investigator asked Halifax about Mr H's comments, Halifax responded to say that direct debit mandates are not indefinite, and Mr H's direct debit mandate had expired in July 2022. Halifax also said that Mr H wasn't sent any letter about this expiry.

Halifax also referred to their Terms of Service which says: "*5.5 You must provide details of a nominated bank account in your name or which you hold jointly with someone else, which will be validated with your bank, that will be used to fund and receive amounts from your account in line with this agreement. Your nominated bank account may also be used to collect costs and charges...*".

I think it's reasonable that Mr H needed to provide Halifax with details of his bank account, so that Halifax could collect costs and charges from this account. But I think that Mr H had done this. He had set up a direct debit mandate with Halifax and Halifax had held Mr H's bank details since 2011 and these bank details hadn't changed.

Halifax has said that their fee of £36 was charged for the first time in April/May 2022, but they've also said that Mr H's direct debit mandate expired in July 2022. I've not seen any evidence to explain why Halifax didn't charge this £36 fee to Mr H's bank account if the direct debit mandate was still in force in April/May 2022, and based on what I've seen I think it should have done.

Halifax has also said that they didn't write to tell Mr H that the direct debit mandate held on his account expired in July 2022. Halifax's Terms of Service say that Mr H needed to provide details of his bank account from which payments could be taken. Mr H did provide these details from which payments were taken for a number of years.

As the direct debit mandate expired, which I think was outside of Mr H's knowledge, then I think it would've been reasonable for Halifax to have written to Mr H to inform him of this and to ask him to renew his bank details. Otherwise, I don't think that Mr H would've been aware that the direct debit mandate had expired.

I'm therefore upholding Mr H's complaint that Halifax took their administration fee from his share dealing account when they should instead have taken their fee from his nominated bank account.

Putting things right

As I've said above, I am partially upholding Mr H's complaint. I think that to put things right Halifax need to send Mr H a new direct debit mandate for him to complete and return so that Halifax can take future fees and charges from Mr H's nominated bank account instead of his dealing account.

Mr H has said that Halifax sold investments in his dealing account to pay his fees. However, Halifax has said that Mr H's fees were paid from cash that was held in Mr H's dealing account.

I think that if Halifax did sell investments in Mr H's dealing account to pay his fees this could have meant that Mr H lost out on growth on any investments that were sold, and I therefore think that Halifax should calculate the amount of any lost growth and compensate Mr H for any lost growth.

However, where fees were paid from cash held in Mr H's dealing account, I don't think that this would've had any further financial impact on Mr H, so no compensation would be needed.

Finally, I think that Halifax should pay Mr H £50 compensation for the inconvenience that he's suffered by having the administration fee taken from his Halifax dealing account, whether this was from cash held or by selling investments, and not his nominated bank account.

My final decision

My final decision is that I partially uphold Mr H's complaint against Halifax Share Dealing Limited and that Halifax Share Dealing Limited compensate Mr H as I've detailed above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 21 March 2024.

Ian Barton
Ombudsman