

The complaint

Mr M complains that Halifax Share Dealing Limited t/a IWeb share dealing ("IWeb") imposed an unreasonable minimum price for his holdings to be sold.

What happened

Mr M purchased stock in Bed Bath and Beyond (BBBY) and Core Scientific INC (CORZ) on IWeb's platform when the stock was listed on NASDAQ. Mr M received a notification from IWeb that both stocks were being delisted and removed from NASDAQ and thereafter would trade on the US over the counter (OTC) market.

Mr M sought to sell his stock in BBBY and CORZ following this but was informed by IWeb that it couldn't facilitate a sale of the stock when it was below \$5. Mr M complained because he had previously traded the stock below this figure and because the price of \$5 was unlikely to be achievable because it was penny stock.

IWeb didn't uphold the complaint. It explained that when Mr M contacted it on 12 September 2023 following an email he had received from it, he was correctly told that it wasn't possible to sell his BBBY holding.

It clarified that both BBBY and CORZ traded on the OTC market and that it has limited access to this as it doesn't support that market. It said its treatment of stocks on the OTC market is therefore on a best endeavours basis. It said both stocks needed to be trading above \$5 for it to be able to sell them, as this is the minimum price imposed by its counterparty. It explained that as both stocks had fallen below \$5 it was unable to sell them. It did say that it didn't explain matters well in the call of 12 September 2023 and offered £50 for the distress and inconvenience caused by this.

Mr M didn't accept the offer from IWeb and referred his complaint to our service. It was considered by one of our investigators who also didn't think it should be upheld, broadly for the same reasons as explained by IWeb in its final response.

Mr M didn't agree with the investigator. He made the following key points.

- He is aware that IWeb had no say in whether or not a stock is delisted.
- He is aware that IWeb, like most platforms, doesn't trade on the OTC market, but other platforms are aware that once a stock is delisted it loses most of its value and will allow sale of the stock at the going market price.
- In contrast IWeb has a ridiculous and blatantly unachievable price of \$5 and above meaning that once the stock is delisted you have in effect lost your money.
- There is nothing on the website to warn of this and the majority of stocks on the OTC market don't trade anywhere near \$5 – being by definition, penny stocks .
- He tried transferring BBBY and CORZ to a broker that did trade them on its platform

but it wouldn't accept transfers of the stock from another platform, although he understands this had nothing to do with IWeb.

- He has been told by IWeb that transfer of stocks from it to another broker is at no cost to him but its treatment of him hasn't been its best endeavours.
- When he spoke to IWeb in February 2023, when the price of CORZ was rising drastically, he was told it could be sold at \$1 and above and he finds it odd that the following month this had risen to \$5 and it is also odd when he spoke to IWeb later about selling, in the middle of the year, the person he spoke to said the broker had confirmed at that point he could sell if the price was above \$1.

The investigator responded and explained the price point of the stocks wasn't something IWeb controls and there is nothing it could have done when the broker changed the minimum price to \$5. The investigator said that the information Mr M referred to having been given in the middle of the year about being able to sell when the price was \$1 may have been provided in error.

Mr M raised a further query about IWeb informing him he could give the shares to charity – namely he asked how such shares could be realised by the charity in the circumstances. The investigator asked IWeb for its comments and it said that the charity would be in the same position as Mr M.

Mr M said that not only lost his initial investment but has also lost out on his profits.

As Mr M didn't agree with the investigator the matter has been referred to me for review and decision.

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.

Having done so, I am not upholding this complaint. I appreciate this will be disappointing for Mr M and leaves him significantly out of pocket. I acknowledge this is unsatisfactory from his point of view and isn't the result of anything he has done wrong. However, I have seen no persuasive evidence that the unfortunate position he has been put into is the result of anything IWeb did wrong either.

It isn't in dispute that both BBBY and CORZ were delisted and as such could only be traded on the OTC market. Mr M accepts this had nothing to do with IWeb and was beyond its control. He also acknowledges that IWeb, like many platforms, doesn't trade on the OTC market.

Despite acknowledging this Mr M doesn't think that IWeb did all that it reasonably could to accommodate him when he wanted to sell his holdings in BBBY and CORZ. He argues that other platforms will accommodate clients who want to sell their holding at the available market price, when a stock has been delisted - and is therefore only able to trade on the OTC market.

However, I am not considering what other platforms may or may not have been willing to do if they had been dealing with the situation. Even if other platforms had been willing and able to facilitate the sale of the stock – and I have seen no evidence of this – this wouldn't be evidence that IWeb did something wrong because it was unable to facilitate this.

IWeb has explained that it has a relationship with a sole international trading counterparty that trades in the US through a local broker that IWeb itself has no direct relationship with. IWeb has provided evidence by way of an email exchange on 8 March 2023 between it and its counterparty wherein it asked its counterparty for a list of OTC stocks that it was unable to trade. The counterparty response the same day was that there wasn't an available list of stocks which could or couldn't be traded but that it couldn't trade any stock below \$1 up to 'this Friday' – that being 10 March 2023 – or any stock below \$5 from 'next Monday' – being 13 March 2023.

I note that Mr M has said that he was informed both in February 2023 and the middle of 2023 that CORZ stock could be sold at \$1. The first of these statements is obviously consistent with the email response from the counterparty. I note that he states that there is something odd about this changing to \$5 only a month later but whilst I note his scepticism the email from the counterparty provides clear evidence this is what happened. As for the later statement it isn't possible to know why Mr M was told by someone after March 2023 that he could sell if the price wasn't below \$1. It's possible the person he was speaking to misunderstood the position but whatever the reason it isn't persuasive evidence that at that point his stock could be sold below \$5 given the email from the counterparty of 8 March 2023 I have referred to above.

In the circumstances I am not satisfied on the evidence that IWeb did anything wrong

because it was unable to facilitate Mr M's sale of his holdings in BBBY and CORZ after they had been delisted. From the information available it didn't place trades to sell the stock on the OTC market through its counterparty because the price of the stock was below the minimum that would be accepted. I note that Mr M argues that IWeb has a ridiculous and blatantly unachievable price of \$5 or above for sale of the stock. I acknowledge the point he makes about the price of BBBY and CORZ being unlikely to achieve this sort of price given they are penny stock.

However, as I hope I have made clear, IWeb isn't responsible for the price. This was set as from 13 March 2023 and notified to it by its counterparty which was dealing with a US broker IWeb had no direct arrangement with. IWeb consequently had no control over this. It made clear that it was willing to accommodate Mr M transferring his stock to a broker that could facilitate sale of the stock below \$5, without charging him anything. However, from what Mr M has said, whilst he says he found a broker that was willing to trade the stock, it wouldn't accept transfer from another platform. He acknowledges this had nothing to do with IWeb.

In the circumstances I am satisfied that IWeb did all that it reasonably could and used its best endeavours to try and help Mr M, but despite this he has been unable to sell his holdings in BBBY or CORZ.

My final decision

I don't uphold this complaint for the reasons I have set out above.

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

Philip Gibbons
Ombudsman