

The complaint

Mr J complains that AJ Bell Securities Limited failed to give sufficient notice of a corporate action for shares he held. Mr J says this led to a protracted transfer of the shares to a charity of his choice.

What happened

On 14 October 2022, AJ Bell issued a notice of a corporate action for shares Mr J held in a business I will call company A. The notice explained that if Mr J didn't take action to sell the shares by 21 October, the holding would be converted into a certified holding that couldn't be traded electronically. Mr J didn't take any further action at this time, but in March 2023 he requested that AJ Bell transfer his shares in company A to a non-UK charity. The transfer completed in December 2023.

Mr J complained to AJ Bell that the corporate notice only gave him seven days to take action and that it was misleading. Mr J said he later had difficulties in trading the shares after they were certified, and that AJ Bell had caused delays when he attempted to gift them.

AJ Bell said that it had provided reasonable notice of the corporate action and acknowledged the wording within the notification could have been clearer. It apologised that it had failed to deal with a specific request from the registrars during the transfer process and offered Mr J £150 for the inconvenience this caused him.

Mr J brought the complaint to the Financial Ombudsman Service and one of our Investigators looked into things. The Investigator thought that AJ Bell gave reasonable notice of the corporate action and that the apology and an offer of £150 was a reasonable remedy to resolve the complaint. Mr J asked that an Ombudsman decides the complaint and it has been passed to me to decide.

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 want to assure Mr J and AJ Bell that I've reviewed the timeline of the events and all of the comments and evidence they have provided. Having done so, my decision has focused on what I consider to be the crux of Mr J's complaint. I understand that Mr J will be disappointed, but for very much the same reasons as our Investigator I've decided AJ Bell provided him with sufficient and reasonable notice of the corporate action. And, that although it was responsible for some of the delays in transferring the shares to a non-UK charity, AJ Bell's apology and an offer of £150 is fair and reasonable to resolve the complaint. I will now explain why.

Notice of corporate action

Mr J says he logged in to his AJ Bell account and read the notification and did so before the deadline provided. So, I think it's more likely than not Mr J would have been aware that he

had until 21 October to sell his shares in company A electronically. This persuades me that AJ Bell provided the notification in goodtime for Mr J to make a decision on what he should do with the shares. However, I don't think this issue is really at the crux of Mr J's complaint. Mr J has explained that it was the wording AJ Bell used in the notification that led him to take no action at the time. Mr J says the notification led him to assume that AJ Bell would be able to trade the shares through a telephone or written instruction.

I've read the notification AJ Bell sent Mr J and it said:

"You will be able to trade your shares electronically in the market until 21 October 2022.

Please note, any shares not sold before this date will be converted into a certificated holding that cannot be traded electronically. This means that they {sic} harder to trade in the market, they could become illiquid (i.e., with no market to deal in them)."

The same notice explained to Mr J that AJ Bell would no longer be able to hold the investments with its overseas custodian after 28 October. The notice also included an invite for Mr J to send a secure message if he had any questions regarding this corporate action, along with a specific reference number to quote.

I'm satisfied the notice provided a clear statement that shares in company A could not be traded electronically after 21 October. It also warned Mr J that certificated holdings are harder to trade and could become illiquid – which provided Mr J with a reasonable notice that certified shares are unlikely to be as instantly tradeable as electronic shares. AJ Bell accepts the notification could have made it clearer that it had no further way to trade the shares within the market and has agreed to provide this feedback to the team that issues notifications. The notice invited Mr J to raise any questions he had at the time, but Mr J says he assumed the shares could be traded by written instruction or telephone instruction at a later date. This is regardless of the notice making it reasonably clear AJ Bell would no longer be able to hold the investments with its overseas custodian after 28 October. I'm persuaded that Mr J's assumption is more likely than not the reason he didn't take any action at the time of the notice. Because of this, I think it would be unreasonable for me to say that AJ Bell treated Mr J unfairly in this regard.

Delays in the transfer process

In March 2023, AJ Bell received a request from Mr J to transfer the shares to a non-UK charity. AJ Bell contacted the charity for details of the process it needed to follow. Shortly after AJ Bell emailed Mr J and explained it had sent the share certificates and supporting documentation in line with the guidance received from the charity, and said it was awaiting a response from the registrar or the nominee for the charity.

AJ Bell received an email from the registrar on 17 May stating it had received the transfer request, but that it was unable to proceed without further information from AJ Bell and the nominee for the charity. AJ Bell accepts that it forwarded this email to the incorrect team and that this delayed the transfer process. When AJ Bell realised this had happened, it emailed the nominee for the charity to make it aware more information was needed, but AJ Bell didn't do so until 20 June.

I've looked at the correspondence between Mr J and AJ Bell and I can see there were some additional delays before the transfer of the shares completed. It seems to me that the additional delays in the transfer were more likely than not caused by delays in the postal service – when the certified shares were sent to the registrars in April – and issues between the registrars and the nominees for the charity. I can't reasonably hold AJ Bell accountable for delays in the post, nor can I hold it responsible for any delays after June 2023.

Taking into account the circumstances of this complaint, I'm satisfied that the apology and offer of £150 made by AJ Bell for the delay it caused in the transfer of the shares is a fair and reasonable one to resolve the complaint.

My final decision

For the reasons outlined above, I've decided that AJ Bell Securities Limited should pay Mr J £150 to resolve the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr J to accept or reject my decision before 2 December 2024.

Paul Lawton
Ombudsman