DRN-4896835

Financial Ombudsman Service

The complaint

Mr J complains that Halifax Share Dealing Limited trading as IWeb Share Dealing ("IWeb") unfairly aggregated his buy orders on his share dealing account.

What happened

On 10 May 2023 at around 8:30am, Mr J placed eight separate and consecutive buy orders of shares in a company through his share dealing account with IWeb. Mr J says there was news that day about the company which caused significant volatility in the market.

One of Mr J's buy orders was for a total of £30,000 and seven were for £20,000. IWeb executed the buy order for £30,000 at 9:07am but cancelled the seven other buy orders and aggregated them into one order for a total of £140,000. This was executed at 9:19am at a price of £2.45 per share.

Mr J complained to IWeb as he felt it had acted unfairly in aggregating his buy orders. He said this large singular request made it harder for IWeb to fulfil and massively drove up the executed price. He said his purchase was the single highest price paid that day. He calculated his loss to be between £40,000 and £115,000.

IWeb considered Mr J's complaint but didn't uphold it. In summary, it said:

- The London Stock Exchange ("LSE") rules state it must not create a false or misleading impression to the market and by placing seven separate orders, this could be classed as Market Abuse under misleading the market and is against market etiquette.
- By splitting the order, there is also the risk of a customer receiving additional costs than if it had accepted the full instruction in the first instance.
- Placing seven separate orders could give the impression of seven separate buyers, and it's required to submit the full extent of an order to the market in one go.
- It was obliged to combine the orders which were seen as live at the time as this could also cause delays to other customers who had placed orders.

Mr J didn't accept IWeb's response and so he referred his complaint to this service for an independent review. In doing so, he raised the following:

- He didn't agree that his placing of several buy orders could be considered as an attempt to manipulate the market.
- IWeb's changing of his order, which subsequently took at lest ten minutes to execute could be considered as manipulation of the market, which he felt could be demonstrated by the fact his purchase was at the highest post-announcement per-unit price of the day.

One of our investigators considered Mr J's complaint but didn't uphold it as they felt IWeb's terms of service gave it the authority to combine his orders where it believed, at the time it dealt, that doing so would unlikely work overall to his disadvantage.

Mr J remained unhappy. He noted that IWeb's final response letter didn't justify its actions to aggregate his order by way of its terms of services and so he felt it couldn't now rely on these.

He also said that the delays in completing the trades were due to the significant outstripping of supply by the demand on the day in question. He said this is evidenced by looking at the delays involved in completing trades and the rapid change in price.

He felt our service should consider whether it was reasonable for IWeb to believe that, at a time when securing the volume of shares for a £30,000 buy order was sufficiently difficult to take around 37 minutes to execute, securing £140,000 of shares in a similar period could be achieved and that the aggregation was unlikely to work overall to his disadvantage. He felt IWeb ought to have known aggregating would likely disadvantage him and said this was proved through the placing his order at the highest price of the day.

As Mr J remained unhappy, his complaint was 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.

For me to uphold Mr J's complaint I would need to conclude that either IWeb did not have the power to act as it did or that its decisions were so poor that they could be considered unreasonable. Having reviewed everything, I've seen nothing to support either contention. I'll explain why.

IWeb's terms of service explain:

> *"8.17 When we carry out a deal, we may combine your order with other orders. This is called order aggregation. We will aggregate your order where we reasonably believe at the time we deal that the aggregation is unlikely to work overall to your disadvantage. However, the result of the aggregation may be to your disadvantage in relation to a particular order compared to if we had bought or sold your investments separately."*

Considering the above term, I'm satisfied IWeb had the power to combine Mr J's orders where it reasonably believed it wouldn't disadvantage him. So I will consider whether IWeb's decision was reasonable.

Mr J says that being subject to the highest buy price of that day proves that IWeb ought to have known he would be disadvantaged by aggregating his orders. However, I don't agree. IWeb's requirement was to act with reasonable care and skill, not with absolute perfection. It's nearly always possible to identify, with or without the benefit of hindsight, one way or another in which an aggregated order might have been executed differently to the greater benefit of a customer. But this doesn't mean a business has acted unreasonably.

Looking at the historic share prices, the highest price that day was around £2.76, the lowest was £1.25 and it closed at £2.11. So it's clear that the price was fluctuating and I don't think IWeb was in a position to predict whether Mr J could achieve a lower buy price if it didn't aggregate his order. The historic price data also contradicts Mr J's assertion that he received the highest buy price day, however, I appreciate other investors were able to purchase at a lower price than he achieved.

Furthermore, it’s not clear whether by keeping his orders separate, IWeb could have executed each order at the same buy price he achieved on the buy order for £30,000. It’s worth noting that the aggregated order was executed around twelve minutes after the first order was placed and it’s possible that if IWeb had to treat each buy order separately, it may have taken longer than this for each order to be executed. I appreciate Mr J feels the fact that it took IWeb around 37 minutes to execute his much smaller order of £30,000 ought to have alerted IWeb to the possibility that it could take longer to execute an order of £140,000. However, there’s nothing to suggest the size of the order made it more difficult for IWeb to execute – noting again that it only took around twelve minutes after the first order was executed.

I appreciate Mr J feels strongly that IWeb has acted unreasonably, however, considering the volatility of the price that day, I’m not persuaded IWeb ought to have known aggregating would have resulted him being disadvantaged.

My final decision

My final decision is that I do not uphold Mr J’s complaint.

Under the rules of the Financial Ombudsman Service, I’m required to ask Mr J to accept or reject my decision before 7 March 2025.

Ben Waites
Ombudsman