DRN-4961084

The complaint

Ms S complains that IG Markets Limited ('*IG*') has failed to provide appropriate information about her shareholding, notably in relation to a corporate action for a particular position, which she has been left unable to close. Ms S submits that IG's actions have unreasonably prevented her from selling shares she held before the affected business was delisted. She feels IG should compensate her for that loss as well as for the disruption it has caused her.

What happened

Ms S has holdings within a portfolio on IG's platform – these are wrapped into a stocks and shares ISA.

In March 2024, Ms S contacted IG using its chat facility. She said that upon accessing her account she had discovered she cannot close her position in a business I'll call "*Z*". This was despite the holding showing a written instruction confirming 'call to close'.

Ms S told IG that she wanted to complain, because she had never been informed of any delisting of Z – despite receiving information from IG about her other shareholdings, such as corporate actions. She also said that by showing her position was still tradeable on her investment account, IG had misled her.

IG told Ms S that she could not raise a complaint through its chat facility. Instead, she was sent a copy of IG's complaints procedure. She then furthered her complaint via telephone, to which IG explained it could not assist Ms S via that method either; it said that in accordance with procedure, she needed to supply a written complaint, which she then actioned.

On 24 April 2024, IG supplied a written final response to Ms S, by email, in which it rejected the complaint. It said that Ms S couldn't liquidate the position, because Z stock was no longer compatible with its internal systems after the stock was relisted from the London Stock Exchange ('*LSE*') to a different European exchange – one IG's systems could not support. IG said Ms S could have ascertained this on the dealing platform as the pricing information for the Z stock had been removed.

However, IG then went on to confirm that Ms S had "*alternative options available*". It said, "*fortunately, you have the option to transfer your holding in this stock to a different provider who supports the [European] Stock Exchange. To transfer to a UK-based broker, you will need to follow your receiving brokers' transfer-in process as they will need to initiate the transfer and contact us. For non-UK-based brokers, the transfer can be initiated from us, but it is advised to contact the receiving broker first to see if the transfer can be facilitated. I can assure you that there are no costs associated with this transfer process*".

Finally, in respect of the customer service issue raised by Ms S, IG said it had acted within its terms and conditions in its role as an execution-only broker, where those terms said it may provide information about voting rights, interest, dividends and corporate events – *if* Ms S had requested them. It therefore concluded it hadn't done anything wrong as no terms had been breached.

Ms S disagreed. She wrote back to IG, noting, in summary:

- Regulatory guidance from the Financial Conduct Authority ('*FCA*') confirmed how businesses such as IG should treat any oral or written expression of dissatisfaction as a complaint.
- IG had been in breach of the FCA Consumer Duty in its handling of her complaint, notably in failing to provide her with adequate support when pursuing her concerns.
- This was because it had made the process of complaining needlessly harder for her; it wasted her time by forcing her to repeat her concerns several times.
- Despite what IG says now, her investment dealing account still showed she could 'call to close', which is misleading when other, direct wording could've been used.
- Her account also still displayed the trading hours for the instrument and a settlement period of T+2, clearly indicating to her that the share trading was supported by IG; if this wasn't the case, it should not be including that misleading information.
- The terms quoted by IG missed out a specific condition relating to corporate events – where IG had a duty to inform her of the action – and it had chosen to ignore this.
- She questioned if IG could send her information on her other holdings (for example, stock splits), why it didn't do so on this occasion.
- Finally, IG's suggested alternative – that being she located another provider who can sell those shares - was pointless, as Z no longer traded publicly.
- Ms S said she was very disappointed by the fact that IG suggested this, as it would or should be aware of the situation that no other provider trades Z shares.

Ms S said at the very minimum she wanted to be returned the book cost for the Z shares, along with a sum of compensation - such as £250 - for the unreasonable customer service she had been subjected to.

Ms S then referred the complaint to this service. An investigator reviewed the complaint and believed it ought to be upheld. He said that IG had mistakenly told Ms S in its final response letter that she had an option open to her, when it also previously had told her it couldn't do anything about the Z shares since they had already been relisted. That letter had also acknowledged Ms S raising her issue of the necessity to make a written complaint and then failed to make any findings about that issue.

Our investigator said that IG's terms and conditions also gave rise to it using reasonable efforts to return a shareholding in certificated form to a customer when the shares are subject to a relisting on an alternate exchange – but it hadn't contacted Ms S about this.

Overall, the investigator was persuaded that Ms S would have sold her Z shares, had IG updated her in respect of the corporate events in late 2021. Therefore, he felt the fair outcome to the complaint was for IG to make a payment to Ms S equivalent to the value of the shares as at the closing date of Z's delisting from the LSE.

Ms S accepted the investigator's conclusion that the complaint ought to be upheld. IG didn't reply or offer any further comments. The complaint has now been passed to me.

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'd like to thank the parties for their considerable patience whilst this matter has awaited review by an ombudsman. I can also see our investigator has provided periodic updates as

to the status of the complaint.

In reaching my decision, I will take into account relevant law and regulations, regulator's rules, guidance, standards and codes of practice, along with what I consider good industry practice at the relevant time. And where the evidence is incomplete, inconclusive, or contradictory, I'll make conclusions on the balance of probabilities – that is, what I think is more likely than not to have happened based on the available evidence before me and the wider surrounding circumstances. Overall, as noted above, it is my role to decide what I believe is fair and reasonable in all the circumstances.

Having looked at everything provided by the parties, I have reached the same outcome as our investigator in that I believe the complaint should succeed. I'll summarise my reasons for reaching that view below, along with my direction as to how IG must resolve matters.

The corporate event(s)

I agree with both parties where they have asserted that the terms and conditions applying to Ms S's share dealing account are the relevant factor in considering what ought to have happened in relation to the Z shares.

My understanding of the circumstances surrounding the Z shares is that in August 2021, Z was subject to public voluntary takeover of all shares by two competing private equity firms that I'll call "*H*" and "*E*". An offer document for the takeover was published by H on 14 September 2021. A further offer document from E was issued on 25 September 2021.

In October 2021, H announced it had successfully agreed a final offer price and the following month it provided formal notice of the voluntary public delisting tender offer for all Z shares at a price of EUR 480 per share.

In January 2022, H announced that it had secured a total of around 97% of Z's share capital based on the acceptance rate of the delisting offer plus the preceding public takeover offer. Upon the business's application, the admission to trading of Z shares on the regulated market was revoked. The revocation became effective at the end of 12 January 2022. On this date, the inclusion of Z shares in the open market of other stock exchanges was also terminated at the business's request. As a result, Z was neither a listed nor a capital market-oriented business, and therefore no longer a public interest entity.

I am satisfied that the actions above on the relevant dates amount to corporate actions – those being when a business puts out a notice that it may do something which could affect its shareholders.

My view is that – from an objective standpoint - when deciding to hold their investment via an online platform such as IG's (and in this case, where the business acts as custodian), a customer could reasonably expect that they would be appraised with the same information regarding actions relating to their holdings that they'd otherwise receive if they held the investments directly. In the third paragraphs of the '*IG Share Dealing Customer Agreement*' issued to Ms S, it says:

> "*IMPORTANT INFORMATION FOR THIS AGREEMENT*
> *(3) We will act as your execution-only broker and will provide all Share Dealing and investment services. We will also hold and administer your money and Instruments as custodian. IG Trading and Investments Limited may delegate certain obligations under this Agreement to Associated Companies and third parties.*"

However, Ms S was not informed of any of the actions relating to her Z shareholding. She only discovered this as a matter of chance in 2024.

On general grounds, I expect that the business acting as custodian will ensure that a customer with a shareholding on an investment platform will be kept informed about anything that could affect their interests as a shareholder, such as corporate actions; this may include - but not be limited to - takeovers, consolidation, rights issues, selling or transferring the business and stock splits. I do not accept that IG wouldn't reasonably have been made aware of the intended relisting of business Z. And I believe that its terms compel it to pass notifications over to Ms S of the same.

I say that noting that IG has issued Ms S with corporate action information for other shareholdings previously. And further because within the agreement issues to Ms S, it says at section 11:

> "*11. PROVISION OF INFORMATION, VOTING RIGHTS, INTEREST, DIVIDENDS AND CORPORATE EVENTS*
>
> *PROVISION OF INFORMATION*
>
> *(1) We may arrange for you to receive the report, accounts and other information issued by a company, where you request them. We may notify you of or arrange attendance at any annual general meetings or extraordinary general meetings applicable to your Instruments, where requested by you.*
>
> *CORPORATE EVENTS*
>
> *(9) A corporate action is something which will bring about a change to the Instruments you hold, such as a rights entitlement issue. If there is a corporate action on Instruments we hold on your behalf,* ***we will use reasonable efforts to tell you of and act upon any such event*** *[my emphasis], however you acknowledge that there may be situations where it is impractical to do so. We have no obligation to tell you of or act upon any corporate event until the relevant Instruments are registered in the name of our nominee. Only information issued through the applicable Exchange or the registrars will be relayed to you.*
>
> *(10) You must return any valid election correspondence in respect of a corporate action by the deadline specified by us. This may not correspond with the deadline set by the registrars. It is your responsibility to ensure you have sufficient monies on your account to satisfy any purchase of securities pursuant to a corporate action. Where securities or cash are due to you as a result of a corporate action, these will be credited to your account as soon as reasonably possible after we receive them. Elections received in respect of corporate actions are deemed to be irrevocable and final. If we have not received a valid election correspondence from you by the relevant date, we will use reasonable efforts to act in accordance with the default terms of the registrars, except in such a case that we have specified an alternative default option and/or in the following circumstances:*
>
> *(a) in respect of take-overs, we will use reasonable efforts to accept the default terms of an offer after the offer has been declared wholly unconditional or unconditional in all respects. You will be notified accordingly on receipt of the proceeds of the offer; and*
> *(b) in the event of a Share held on your account altering the exchange on which it is listed,* ***we will use reasonable efforts to return the shareholding***

> ***to you in certificated form*** *[my emphasis]. The Charges set out in the Product Details will apply to the production of certificates for you.*
> *…*
>
> *(14)* ***We will reflect a corporate event on your account as soon as practicable*** *[my emphasis] after we have received confirmation that the corporate event has been completed from our custodians.*"

The only section of the agreement relied on by IG in response to the complaint was 11(1). However, I believe the other highlighted conditions apply here. I am not persuaded that the conditions at sections 9, 10 and 14 of the terms and conditions should be disregarded. And I am satisfied that an objective interpretation of those terms should have required IG to inform Ms S of the impending public voluntary takeover and the subsequent delisting from the LSE of the Z shares, as corporate actions involving a (potential) change to the shareholding.

If IG took an approach not to send notification of all types of actions that affected the investments within a customer's online investment service account that would likely be a matter of its choosing – providing it gave clear and not misleading information about that. It appears IG has tried to make this argument to Ms S when it said that the clause at 11(1) meant that it could exercise discretion over whether to inform Ms S or not. However, the other clauses cited above require a higher bar of obligation – that being a reasonable effort to notify and inform Ms S of the corporate actions – and IG did not do so.

And even I am wrong about that, that's not what the terms and conditions say; in fact, the term IG relied upon is a general provision of information clause, not the express section relating to corporate events. And for the reasons I've set out, I am satisfied those terms and conditions apply in these circumstances. It follows that IG's terms lead its customers to expect a certain level of information will be passed on directly. I'm persuaded that IG's inaction was unfair and unreasonable in the circumstances, and it has caused Ms S an identifiable loss. Without receipt of the impending corporate actions, she was unable to dispose of her shares before that possibility was withdrawn altogether.

The customer service failings

Ms S has mentioned the Consumer Duty. As a financial business, IG must act in line with the Consumer Duty and I've carefully considered the detail of those obligations. Under the Consumer Support outcome of the Consumer Duty, IG was required to ensure that its support processes did not cause Ms S any foreseeable harm. That specifically includes poor service and utilising channels of support that do not meet the needs of its customers.

Furthermore, Ms S has rightly pointed out that she was tasked with providing a written complaint to IG, when the FCA definition of' a 'complaint 'in the rules applying to this service do not require that. In this case, Ms S complained via both a telephone call and a chat facility, and that expression of dissatisfaction was – in my view – sufficient for IG to have recorded a complaint and begun its complaint process in the usual way.

In this situation here, given the Consumer Duty requirements explained above, I think IG should have looked to work with Ms S to acknowledge her complaint at the earliest opportunity. I believe that compensation is due for this failing.

Furthermore, IG issued misleading information to Ms S in its written outcome to the complaint. It told her she would be able to transfer her Z shareholding to another provider – when it knew, or should have known, this was not a possibility.

As well as putting right any financial losses in a complaint, we also consider the emotional or

practical impact of any errors upon a complainant. In doing so, we do not fine or punish businesses; that regulatory role falls to the FCA. In addition to financial loss to Ms S due to the lack of notification on IG's part, I also believe she has been caused inconvenience by not being kept informed about corporate actions and material changes which relate to stockholdings within her ISA, by being given misleading information about her next steps, and by IG failing to accept her complaint verbally or via its chat facility.

Considering the impact of IG's inactions and misinformation, I believe a payment of £300 is fair and reasonable in these circumstances. If helpful, Ms S may wish to refer to the guidance available on our website around the amounts and types of awards made in instances of upset, trouble, inconvenience and distress caused by businesses in the complaints we see at this service.

Putting things right

In assessing what would be fair compensation, my aim is to put Ms S as close as possible to the position she would likely now be in if she had been able to sell her Z holding in response to notification of the voluntary public delisting tender offer**.**

Clearly, it isn't possible for me to say precisely what Ms S would have done, but I am persuaded it is more likely than not that she'd have sold her Z listing sometime after the offer of October 2021 and before the admission to trading of Z shares on the regulated market was revoked in January 2022. I therefore consider a nominal settlement date of 31 December 2021 should be used, for the means of calculating the redress due. To compensate Ms S fairly, IG should:

- Calculate the value of the sale of Ms S's Z shareholding as if she had completed a request to trade in December 2021, allowing for a settlement date of 31 December 2021 at the share price as at that date.
- It should pay the gross settlement value into Ms S's ISA, less any applicable charges and provide the details of the calculation to Ms S in a clear, simple format.
- If it is not possible for IG to pay this sum into her ISA, it should pay it to her directly.
- If there is any liability for tax, IG must again set this out to Ms S in a clear, simple format.
- IG should pay Ms S an additional £300 compensation for the distress and inconvenience this matter has caused.

If IG doesn't pay Ms S the sum above within one month of receiving a notification of Mr S's acceptance of my decision from this service, it must also pay Ms S simple interest on the outstanding calculation at the rate of 8% per year from the date of my decision until such date the redress is paid.

My final decision

For the reasons explained, I uphold this complaint. I direct IG Markets Limited to pay Ms S the compensation I have directed above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms S to accept or reject my decision before 10 April 2025.

Jo Storey
Ombudsman