

The complaint

Mr G complains that Halifax Share Dealing Limited ('HSDL') delays paying dividends to his nominated bank account.

What happened

Mr G has a nominee share account with HSDL. When HSDL receives dividends on the investments it holds for Mr G it first distributes them to Mr G's nominee share account. Then HSDL pays them into his nominated bank account. Mr G complained to HSDL that it takes too long for the dividends to be credited to his bank account and this causes him to incur additional costs. HSDL didn't uphold Mr G's complaint and explained that it distributes the payments to his bank account in accordance with the terms and conditions of his account.

Mr G brought the complaint to the Financial Ombudsman Service. One of our Investigators looked into things and thought that as HSDL had acted in accordance with the terms and conditions of Mr G's account it hadn't done anything significantly wrong. Mr G asked that an Ombudsman decides the complaint.

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 understand Mr G will be disappointed but for very much the same reasons as our Investigator, I've decided that HSDL hasn't done anything significantly wrong. I will now explain why.

In the terms and conditions for Mr G's account, HSDL explains that any investments Mr G holds will be held by a nominee company, but Mr G will retain beneficial ownership at all times. This means that investments held by Mr G will be 'pooled' and that the nominee company will receive dividends for all of the account holders entitled to them. The terms and conditions explain that any dividends paid from Mr G's investments will be paid to the nominee company – not Mr G's share account or his nominated bank account. HSDL will then distribute the apportioned amount into Mr G's share account and then, when this has been done, send the payment to Mr G's nominated bank account. In this regard, the terms and conditions of the account specifically say:

'7.8 All income received by us will be paid into your account within 10 working days of receipt, unless you ask us to pay income to your nominated bank account...'

When the payment is allocated to Mr G's account it becomes visible on any on-line statement, but any payment to a nominated bank account is made by electronic transfer within three working days. In this regard, the terms and conditions of Mr G's HSDL account go on to say:

"7.13 Funds will usually be sent by electronic transfer to your nominated bank account which can take up to three working days."

This is why there is a delay between when a dividend is paid from one of Mr G's investments until he receives it in his nominated bank account. So, although I can understand Mr G is frustrated by the process HSDL has in place, I'm persuaded HSDL is following the process within the terms and conditions Mr G agreed to when he opened his account. Mr G says most other similar organisations pay out faster than HSDL. That may be the case, but I'm satisfied HSDL hasn't mislead Mr G into believing he would receive dividend payments into his nominated bank account within three working days of dividends being received by the nominee company. I'm persuaded that HSDL makes it clear there are two steps to Mr G receiving payments into his nominated bank account and I'm satisfied that this is what has been happening.

Mr G says HSDL's process sometimes causes him additional costs when he has to access funds from another source to tide him over until he receives the dividend payments into his nominated bank account. I understand this adds to Mr G's frustration and upset, but as I don't think HSDL is doing anything wrong, it would be unfair and unreasonable for me to consider asking HSDL to refund any of these costs.

My final decision

For the reasons above, I've decided that Halifax Share Dealing Limited hasn't done anything significantly wrong.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 19 September 2024.

Paul Lawton
Ombudsman