

The complaint

Mr P complains that Hilbert Investment Solutions Ltd (“HISL”) won’t pay him the maturity proceeds of his bond.

What happened

Mr P invested in a five-year bond, issued by a company which I’ll refer to as “A”. He held the bond in an ISA. The ISA manager was HISL. The bond was due to mature on 31 December 2023. But two key events prior to maturity impacted on Mr P’s investment:

- In March 2022, the majority of A’s bondholders voted to convert existing bonds into ordinary shares.
- In August 2023, because of the size of A’s liabilities, it was decided at an extraordinary general meeting that A should be wound up and a liquidator was appointed.

Mr P complains that HISL is withholding his money.

HISL said there were delays in the new ordinary shares being listed and it was told by HMRC that the shares couldn’t continue to be held in an ISA wrapper. HISL re-registered the shares in Mr P’s name.

When one of our investigators looked at Mr P’s complaint, he concluded that HISL should have contacted Mr P to explain what was happening and the absence of any communication caused Mr P some distress. He recommended HISL pay Mr P £300 by way of compensation.

But, in response, HISL provided several call recordings which showed it had kept Mr P informed of what was happening. A second investigator reviewed everything and didn’t conclude that the complaint should be upheld.

Mr P didn’t agree. He said, in summary, that:

- He wouldn’t have voted to change his bond investment to shares – he wanted the value on maturity paid to him.
- He’s not been given a date of when he’ll get his money and he feels like it’s been stolen by A.

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.

This complaint has been brought against HISL. My role is to decide whether HISL did anything wrong and, if it did, what it needs to do to put things right. I can’t comment on A’s actions as they are not a party to this complaint.

HISL was the ISA manager. It was responsible for the administration of the ISA and the custody of the investment. And it was responsible for crediting Mr P's account with the maturity proceeds had his bond still been in existence at the maturity date.

Both the investigators set out in some detail what happened to Mr P's bond, and I won't repeat that again here. Mr P's bond no longer existed at the maturity date so I find HISL couldn't, and can't, pay him any maturity proceeds.

Mr P didn't vote or instruct A to convert his bond into shares. But a majority of A's bondholders did vote for this outcome, so all bonds – including Mr P's – had to be converted. The decision to put this to a vote and the outcome of the vote were nothing to do with HISL and it can't be held responsible for it. Neither was it responsible for the failure to register the shares on a recognised exchange.

HISL was instructed by HMRC, who sets the rules for ISA's, that the shares couldn't be held in an ISA wrapper. I find it treated Mr P fairly and reasonably by registering the shares in his name.

I appreciate this has been very stressful for Mr P. And it would appear from the information on Companies House that A is due to be dissolved later this month and it looks unlikely that he will receive any money for the shares he holds. Whilst most of the events were outside of HISL's control, I'm satisfied from the call recordings that it did keep Mr P informed of what was happening. And it gave Mr P details of how to contact the Financial Services Compensation Scheme (FSCS), which was appropriate in the circumstances.

I'm sorry for the situation in which Mr P finds himself. But, for the reasons I've explained, I don't find that HISL has done anything wrong.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 5 February 2025.

Elizabeth Dawes
Ombudsman