

## **The complaint**

Mr B complains about the value of shares he holds in a share dealing account with Equiniti Financial Services Limited ("EFSL") following a share consolidation.

## **What happened**

Prior to October 2020 Mr B held 1,223 shares in Saga on EFSL's share dealing platform. In October 2020 a share consolidation took place which meant for every 15 shares held, one new share was issued – so he only held 81 shares after. In 2024 Mr B complained about this as he was concerned that over £1,000 worth of shares had been removed from his holding.

EFSL didn't uphold the complaint, explaining that the share consolidation was not an unusual occurrence and that it was voted on by shareholders. Mr B remained unhappy and brought the complaint to our service. An investigator at our service considered the complaint and didn't uphold it. She explained that the share price changed in a corresponding way per share when the consolidation took place, and subsequent price movements have caused the loss, as with any normal share price market movements.

Mr B asked for an ombudsman to consider the complaint as he still strongly felt he'd lost over £1,000, so the complaint has been passed to me for a decision.

## **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.

To begin, I want to note that EFSL took over Mr B's account from another business in 2022, so they weren't involved when the consolidation itself took place. That being said, I understand Mr B is unhappy with the overall number and value of the shares he holds with EFSL and so I've considered whether the amount held is correct, and to do that I've had to consider the share consolidation.

I've considered what happened with the share consolidation itself, which is a type of corporate action, and how it impacted the shares. I can see the stock consolidation that took place involved one new share being issued for every 15 held, and when this happened, the share price changed in a corresponding way. This means immediately after the consolidation there were 15 times less shares, but each had a 15-times higher value – so technically the overall value of an investor's shareholding was the same. However, this is only the case immediately after the change and then the price is subject to the normal movements of the stock market.

As an example, if an investor owned 15 shares at the time of the consolidation, and each were worth £1 prior to the consolidation, after the event that investor would own one share worth £15. But that doesn't mean the investor would necessarily be able to sell the share at that price, because the price available would be what the market would be willing to pay.

After a share consolidation, when looking at a share price chart, the historical prices are retrospectively adjusted to reflect the later consolidation. From looking at the share price online, I can see the price of these shares had already decreased sharply prior to the consolidation around December 2017 and again in April 2019 and March 2020. I think it's fair to say that since the consolidation the share price has been fairly volatile.

I'm unsure of the price Mr B paid for his shares, but I know he's held them since prior to March 2018. So, Mr B has lost money on these shares, as he's felt the impact of those three sharp decreases in price. The consolidation, and the way it was applied to his shareholding, haven't directly caused that loss – his shares were unfortunately already running at a loss prior to the consolidation. Corporate actions such as this and share price movements are simply two of the risks with owning shares.

I'm satisfied the responsibility for the consolidation doesn't lie with EFSL – it took place following a vote by Saga shareholders. Nor are EFSL responsible for the general downward trend in the price of Saga shares over the last few years, as that is not within their control. I sympathise with the position Mr B finds himself in as he'd be understandably disappointed with the value of his shares. But I'm satisfied that he holds the correct number of shares in his account and that EFSL haven't treated him unfairly or unreasonably.

### **My final decision**

For the reasons set out above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 15 January 2025.

Katie Haywood  
**Ombudsman**