

The complaint

Mr W complains that Interactive Brokers (U.K.) Limited ('IB') has unreasonably administered his stocks and shares ISA, leading to a restriction on several of his shareholdings whereby he says he cannot trade or otherwise dispose of them.

What happened

Mr W originally took out his ISA in April 2022. In March 2024, it was merged with another IB ISA. Afterwards, Mr W noted that five of his investment holdings (of approximately £8,000 or 20% of his total ISA value) were no longer tradeable. He therefore put his concerns about his inability to trade to IB as a complaint.

Mr W then furthered a written complaint to IB in April 2024 in which he said despite complaining the previous month and having numerous telephone calls, he felt IB would do nothing to resolve matters. In this letter he also said he had asked about dividends not being reinvested and the possibility (and cost) of transferring his holdings to another provider and IB hadn't answered his queries. Mr W said that as he had waited almost two months, he should be given financial compensation.

In May 2024, IB upheld the complaint in part. It agreed the service Mr W had received was unacceptable. Though it set out an apology to Mr W, it didn't offer him any compensation.

In all other respects, IB rejected the complaint. It told Mr W that the restriction was because only certain types of assets could currently be purchased within a stocks and shares ISA. It was looking to expand this to include exchange-traded funds ('ETFs') and investment trusts – but it didn't have a precise timescale for that. IB said Mr W was free to transfer his holdings to another provider sell them – the restriction was that he couldn't purchase more holdings.

IB also informed Mr W how he could take steps in his account to ensure he chose a preference (that being either to reinvest or receive cash) for dividend elections.

In June 2024, Mr W referred the complaint to this service. He provided a submission of the complaint history and explained that he felt IB had never properly answered his queries and failed to respond to his emails in a timely fashion.

An investigator reviewed the complaint, but he didn't think it ought to succeed. He said IB's website set out the types of investment products currently available for trading in an ISA account – and this was something that IB was entitled to determine. He also hadn't found any evidence that Mr W couldn't trade the holdings in question –in fact, he was able to do so. Overall, he hadn't seen any suggestion that IB had behaved unfairly or unreasonably.

Mr W disagreed. He said, in summary:

- In his view, the investigator had failed to understand his complaint.
- He requires the investigator to assess the complaint forensically, by making findings on each submission within his complaint as well as by evidencing transcripts of all calls placed.

- IB upheld his complaint in part – but made no financial proposal to Mr W.
- It cannot be correct that a complaint partially succeeds without financial redress.
- IB didn't answer all his queries, such as with regards to dividend reinvestment or the cost of moving the holdings in specie.
- He also questions whether he was actually shown terms and conditions which permit IB to now embargo some 25% of his investment portfolio.
- IB has appalling customer service, and it gives conflicting or misleading information.
- The investigator has made findings which are insufficient and have no basis in fact or law.

Our investigator was not persuaded to change his view on the complaint, and so it was passed for review by an ombudsman. IB had no other comments to make.

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 thank both parties for their considerable patience whilst this matter has awaited an ombudsman's decision, given the current demand for our service.

I've fully reviewed the information on file about this complaint, including the representations Mr W has made after our investigator's assessment. However, in reaching my findings, I've focused on what I consider to be the key issues. Our rules allow me to take this approach; it reflects the informal nature of our service, as a free alternative to the courts.

Our role is to investigate disputes and resolve complaints informally, whilst taking into account relevant laws, regulations, and best practice. We are not a court; and though there are rules I may rely on in respect of complaint handling procedures, I am not required to make specific determinations on every submission put forward by the parties. Nor do I need to comment on every individual argument to be able to reach what I think is the right outcome based on the evidence before me.

Though I realise my decision will be a disappointment for Mr W, I do not consider that this complaint should be upheld. For the following reasons I agree with the conclusion reached by our investigator:

- I understand that one aspect of the complaint – the delay which meant Mr W had to chase it after almost two months – was upheld by IB.
- However, I cannot direct IB to pay Mr W compensation about that.
- The recourse open to Mr W (instead of waiting longer than the eight weeks permitted for a business to provide an outcome to a complaint) was to bring the matter to this service once the eight-week time limit had passed.
- I am not able to otherwise look at concerns about the timeliness for which IB dealt with the complaint, as complaint handling is not a regulated activity in its own right and it doesn't fall within the jurisdiction of this service.
- What I can consider is the administration of Mr W's investment ISA, as this is a regulated activity within the rules applying to our service.
- We do not act in the capacity of a regulator; that remit falls to the Financial Conduct Authority ('FCA').
- I have noted the regulator's function here because the crux of this complaint relates to how IB has operated, specifically in relation to its process regarding shareholdings in Mr W's investment ISA.

- Though Mr W may believe otherwise, it is not my role to determine how IB devises terms and conditions or how it complies with regulatory provisions.
- Nor can I command IB to operate differently, as my role does not extend to informing a business how to conduct commercial operations.
- Instead, I have looked at whether it has treated Mr W fairly when administering his stocks and shares ISA on his behalf. And I believe IB has behaved reasonably in the circumstances.
- IB has explained how presently, customers are not able to trade ETFs, complex or leveraged exchange-traded products ('CLPs') or investment trusts within their ISA accounts.
- IB makes clear to its customers via its website that the four types of 'qualifying investments' that can currently be purchased within the IB ISA wrapper are stocks, shares, recognised undertakings for collection investment in transferable securities ('UCITS') and US depositary receipts/shares.
- Whilst I appreciate IB has explained to Mr W how it is looking to expand its breadth of tradeable products in the qualifying ISAs, that is a matter for IB to determine.
- I have seen no objective evidence that Mr W is being treated differently to any other IB customer since the policy applies to all of its customers with an investment ISA.
- Mr W is not restricted from selling or transferring the affected holdings, so they aren't untradeable as has been alleged.
- Rather, the restriction applies where Mr W cannot purchase further unsupported investment products – including the five holdings he has queried with IB.
- As I've said above, I don't find IB taking a business decision as to the nature of the products it will permit to be held in a stocks and shares ISA to be unfair, providing it is consistently applied to all affected customers – and on balance, I believe this is the case.
- Further, I can see in its final response letter that IB did tell Mr W how he can choose the option he requires with his dividends, under the dividend reinvestment facility.
- I realise Mr W would like this service to undertake a forensic analysis of the operation of his account and the service he has provided. I have already explained why it is not my role to do that.
- Nonetheless, having reviewed the submissions from both parties, I cannot find any objective evidence that IB has caused any mistake that ought to be put right, financially or otherwise.
- From everything I've seen, it has operated the ISA fairly, in accordance with its terms and it has given Mr W an explanation in respect of his dividends and the option to transfer his ISA holdings if he so requires.
- It follows that I cannot uphold this complaint, or make any award to Mr W.

My final decision

Though I realise my decision will be a disappointment for Mr W, I cannot uphold his complaint for the reasons given above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 28 April 2025.

Jo Storey
Ombudsman