

The complaint

Mr M complains Crowdcube Capital Limited didn't provide clear information about his ability to claim tax relief on an investment he made in a crowdfunding opportunity. He understood he would be able to claim Enterprise Investment Scheme (EIS) tax relief on his investment but has now been told it doesn't qualify.

What happened

In September 2023, Mr M made a £5,000 investment into a crowdfunding opportunity via Crowdcube's platform.

In January 2024, Mr M raised a query with Crowdcube about receiving an EIS certificate to allow him to claim tax relief. Crowdcube responded to say that his investment wasn't eligible for tax relief, so it couldn't provide the certificate. Mr M was unhappy with the response, so contacted this service. We informed Crowdcube of Mr M's concerns and asked them to treat it as a complaint.

As Crowdcube didn't resolve the complaint, Mr M asked us to complete an independent investigation of his concerns.

I issued a provisional decision in September 2024. This is what I said:

"Firstly, I've looked at the main complaint Mr M made in respect of his eligibility for EIS tax relief on the investment he made in September 2023 on Crowdcube's platform.

I've reviewed the information that was available to Mr M before he invested to establish whether he was given enough for him to understand the position.

It is clear from the pitch provided by Crowdcube that EIS tax relief wasn't available for this investment opportunity. There is a section within the pitch that has a box titled "Tax Relief" and next to this is the statement "No – this investment round is not eligible for tax relief". I don't find this to be an ambiguous statement, so I haven't found Crowdcube misled Mr M about the tax status of this investment. Crowdcube has also provided an example of another pitch which was eligible for tax relief, and this makes clear reference to the eligibility. Lastly the terms and conditions also make it clear that tax relief will only be available on some investment opportunities, and not all.

I appreciate that Mr M had been able to claim tax relief on other investments he made through the platform. But I don't think this means that Crowdcube misled him in respect of the investment he made in September 2023.

Having considered all of the evidence, I haven't found that Crowdcube made any errors in how it explained the position with regards to tax relief, or in its explanation that it wouldn't be able to issue a tax certificate.

Mr M also raised concerns that Crowdcube took five months to issue a final response to his complaint, and it didn't answer the queries he raised about these delays.

Our Service isn't free to review every complaint brought to us. I have to consider whether we have jurisdiction to consider this aspect of his complaint. There are limits to the types of complaint our Service can consider. These limits are set for us by the FCA and apply to activities that are regulated by the FCA. The FCA's Dispute Resolution (DISP) rules outline what activities fall within this Service's jurisdiction (DISP 2.3).

Complaint handling is not one of the activities listed as a regulated activity and so we cannot consider complaints solely about complaint handling. I'm satisfied that this second part of Mr M's complaint is solely to do with complaint handling, as opposed to a provision of a financial service.

I appreciate Mr M did have to wait longer than he expected for a final response from Crowdcube and it didn't answer his request about its complaint procedures. But this Service is not the regulator of the financial service industry, that is the FCA. And we are not responsible for enforcing the regulations or punishing businesses for not complying with them.

I can see that Mr M is unhappy with Crowdcube's treatment of him. But for the reasons stated above this aspect of his complaint falls under complaint handling, and we do not deal with complaints solely about complaint handling. This means that we cannot take this part of the complaint any further."

Crowdcube didn't respond to the provisional decision by the deadline set.

Mr M did respond. In summary he said:

- Crowdcube is by its very nature not targeting sophisticated investors. It prominently announces when investments are eligible for tax relief and should do the same when they are not.
- He has requested a copy of Crowdcube's internal complaints process but still hasn't received an answer. Its repeated behaviour suggests there is something inherently wrong with its treatment, respect and honesty in the way customers are treated.

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've considered the further points Mr M has made but I haven't found reason to change the outcome I set out in my provisional decision. I'll explain why.

I acknowledge that Mr M feels Crowdcube should make it more prominent when tax relief isn't included in an investment opportunity. I accept that for opportunities where tax relief is available there are visuals to show this on the pitch displayed on its website. But as I explained in my provisional findings, I am satisfied that the key summary information for the specific opportunity relevant to this complaint does make it sufficiently clear that the investment round wasn't eligible for tax relief. So I don't think an error has been made by Crowdcube, or that it misled Mr M in anyway.

I also note Mr M's comments about Crowdcube not supplying a copy of its complaint process. As I explained in my provisional findings, I'm not able to consider activities that relate solely to complaint handling. I'm satisfied the point Mr M raises here relates only to complaint handling. So, it follows, I'm not able to consider it – for the reasons given in my

provisional decision about the scope of our jurisdiction. But I do acknowledge Mr M's frustration that Crowdcube hasn't been able to supply him with the information he requested and would encourage it to contact Mr M to discuss this.

In conclusion, for the reasons given above and those in my provisional decision, I find that Mr M was given clear information about his eligibility for tax relief on his investment. And that the concerns he has raised about the handling of his complaint fall outside of our jurisdiction.

My final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 7 November 2024.

Daniel Little
Ombudsman