

The complaint

Mr W complains that Barclays Investment Solutions Limited (“Barclays”) failed to transfer his shares following a corporate action. He says this meant he couldn’t trade them for around a year, couldn’t exercise his voting rights, and that he spent a lot of time trying to resolve the issue. He says he received poor service from Barclays when he complained.

What happened

Our investigator has already set out the background to this complaint, including a timeline, so I will only briefly summarise what happened.

Mr W has an execution only share dealing account with Barclays. He had a holding of shares which I’ll refer to as “A”. A was quoted on the London Stock Exchange’s AIM market. But towards the end of 2022, it announced its shares would be delisted on AIM and solely listed on the US’s NASDAQ.

Mr W complains that Barclays should have transferred his shares to US American Depository Shares (“ADS”), which was the default option for the corporate action. He says Barclays told him it didn’t offer international trading on its platform, but that this was due to be launched and would probably be in place by the time the shares were converted, or shortly afterwards. Mr W says the transfer should have taken place on 12 December 2022 but instead his holding was shown as “delisted/untradeable”.

His wife, who also has a share dealing account with Barclays and a holding of A shares, was in the same position and, towards the end of December/beginning of January 2023, she transferred her shares to Mr W’s account.

In May 2023, in response to Mr W’s complaint, Barclays said this was an extremely complex situation and couldn’t give a firm timescale on when the shares would be transferred. He twice asked for his complaint to be reopened but, in both July and September, Barclays said it had nothing to add.

Barclays notified Mr W on 1 November 2023 that his A shares had been transferred to ADS’s. Mr W says the timing meant he missed taking part in a crucial shareholder vote.

Our investigator thought it was unfair that Mr W had been left with untradeable shares, worth around US\$260,000, for around 11 months, without a timescale for them to be transferred. He thought Barclays should pay Mr W £150 for the distress and inconvenience caused. The investigator didn’t think Barclays was obliged to obtain Mr W’s voting instructions and thought the missed vote only had a minimal impact on him.

Barclays said its terms were clear that it wasn’t obliged to communicate any updates to Mr W. But it said it agreed to pay him £150 to resolve matters.

Mr W didn’t agree that £150 was fair compensation for what happened. He said Barclays denied it made any mistakes and showed contempt for him. He believes the ombudsman should take action to disincentivise Barclays from behaving this way in the future.

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.

Firstly, I'm aware that I've summarised this complaint in far less detail than the parties and in my own words. There is a considerable amount of information here but I'm not going to respond to every single point made. No discourtesy is intended by this. Instead, I've focussed on what I think are the key issues here. Our rules allow me to do this. This simply reflects the informal nature of our service as a free alternative to the courts. If there's something I've not mentioned, it isn't because I've ignored it. I haven't. I'm satisfied I don't need to comment on every individual argument to be able to reach what I think is the right outcome.

Secondly, I understand Mr W would like this service to take action to punish Barclays and disincentivise it from providing poor service, presumably by way of a higher compensation award. But this service is not a regulator, and our awards are not designed to punish a business. My role is to resolve individual complaints and to award redress where appropriate.

Having carefully considered everything, I find I have come to the same conclusion as the investigator for the following reasons:

Barclays contacted Mr W to tell him about the corporate action and giving him the opportunity to retain or sell the shares. Mr W wanted the shares to be transferred to ADS's and, as this was the default option, he didn't need to give any instruction. In the same communication, Barclays explained that it didn't currently offer international trading on its platform, but that it was due to launch the service. It explained the transfer wouldn't take place immediately for that reason. I'm satisfied this communication was reasonably clear as to Mr W's options and what would happen. And I'm also satisfied that Barclays correctly took the default action for Mr W.

From what Barclays has told us, this was a complex situation. It had to liaise with its custodian and relevant US counterparties to receive the ADS's. I can see a lot of the issues it was working through were either outside of its control to resolve or weren't a simple fix. I accept Mr W held shares on another provider's platform and that these were transferred relatively quickly. It's possible that's because that provider already offered international trading on its platform. In any event, I can only consider what Barclays did or didn't do. And in this case, whilst it took around 11 months for the transfer to complete, I'm satisfied Barclays took reasonable action to try to resolve matters on a timely basis.

Even if I thought Barclays had caused a delay, I don't find this caused Mr W a financial loss. I say this because, whilst his shares weren't tradeable for 11 months, I've not seen evidence to persuade me that he would have sold his shares if they weren't restricted. I accept he was an active trader in these shares up to and including November 2022. But he's not provided us with evidence that he wanted to sell at any particular time or at any particular price point. I've also not seen evidence that he sold any of his A shares which he held in another provider's account during the period his shares with Barclays were untradeable. So this doesn't suggest to me that he wanted to sell his shares during this period.

Barclays said it wasn't obliged to keep Mr W up to date with the progress it was making. It may have been difficult for it to provide Mr W with any meaningful timescale but, bearing in mind the value of Mr W's shareholding and the fact that it was untradeable, I think it would have been helpful, and fair, for Barclays to provide him with regular updates to give him

some reassurance about the situation. For this reason, I agree with our investigator that Barclays should pay him £150 for the distress and inconvenience it caused.

I can see the timing of the vote deadlines coincided with the date the UK shares were transferred to ADS's, and I accept this was an important shareholder vote and that Mr W had an active interest in the company and was keen to vote. But I don't find Barclays was obliged to seek Mr W's instructions for it to vote as proxy for him. So, whilst frustrating for Mr W, I don't hold Barclays responsible for him missing the opportunity to vote.

My final decision

My final decision is that Barclays Investment Solutions Limited should pay Mr W £150.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 6 November 2024.

Elizabeth Dawes
Ombudsman