

The complaint

Mr S complained about Freetrade Limited (Freetrade). He said Freetrade didn't provide him with enough information about property income distributions that applied to his account. He said as well as not being able to calculate and check what it had done, his requests were not responded to. He would like Freetrade to provide answers to his questions and compensate him for the distress and inconvenience it has caused him.

What happened

Mr S has a stocks and shares individual savings account (ISA) with Freetrade. He holds real estate investment trusts (REITs) within his ISA. He has explained that these REITs pay periodic property income distributions (PIDs) which are deducted withholding tax at 20%. Freetrade is supposed to reclaim this and pay it into his account, as investments in ISAs are tax exempt.

Mr S initially complained to Freetrade that the reclaim payment was taking too long to be paid into his ISA. During his complaint, Mr S said he would like to check that the amounts reclaimed were correct, as the payments made on that occasion was done in bulk. He said at the time there was no way for him to reconcile the payments. He said he asked for a breakdown about this. He said he questioned Freetrade about the information it provided to him but did not get a response back. He said his main issue was that he has been getting ignored by Freetrade about the detail of the information he was provided.

Mr S said he spent a lot of time trying to find out answers about the tax and reclaim process with regards to his REITs. He said it should be an automated process for him finding this data, and it should be readily available on Freetrade's system.

Mr S said to put things right he would like a full answer from Freetrade to his questions. He said he would like a list of all REIT PID payments and reclaim amounts paid to him. He would like it to fix it so it's not an ongoing issue in the future. He said other investment platforms provide this data. He said he would also like compensation for the time and effort he has spent dealing with the problem.

Freetrade said in response that it didn't uphold Mr S's complaint. It stated tax reclaim payments take between 30-60 days to be received, but this was not a concrete timeframe, and it hadn't stated at any stage how long this would be.

Freetrade said Mr S was able to check the amount of tax withheld by checking on the payment in the activity feed, in app which can be used to calculate the amounts he is owed. It then listed out the REITs in Mr S's account, that it had deducted withholding payments over the course of the previous six months, as an example of the solution that it thought it provided. It said it appreciated the inconvenience Mr S was caused by him wanting information about the REIT tax reclaim payments, and so as a gesture of goodwill it would arrange a refund of two months' worth of fees.

Mr S was not happy with Freetrade's response and referred his complaint to our service.

Whilst our service was gathering information from both parties, Freetrade said it would like to offer Mr S £70 compensation as it recognised it failed to respond to some of the points Mr S raised due to the high volumes it was dealing with at the time. It said it was aware of the issues he raised, and it was looking at improving the PID reclaim process for REITs. It said this included providing a breakdown as Mr S has been asking for, however it said there was not a definitive timeframe for this.

An investigator looked into Mr S's complaint. He asked Freetrade for further information including all withholding payments that Mr S had made and then that were paid back or owed to him through a tax reclaim. Freetrade listed these and explained again how the PID reclaim process for REITs worked. It said it had to provide this information manually as it hadn't yet built an automated process within its system to provide it.

The investigator sent his view on 2 August 2024. He said he didn't think Freetrade had acted fairly. He said Freetrade were required to claim back tax paid on his PID dividends and pay this into his ISA. However, this was done in bulk which made it difficult for Mr S to check.

The investigator said Freetrade provided our service with a breakdown of the reclaim payments Mr S had received and he listed what these were. He said it would be better if this was broken down further for Mr S, but Freetrade simply didn't have the system capabilities to do this at present. So, he was unable to ask it to do more here. He did however recognise the frustration that led to Mr S complaining in the first place and the time he has spent getting answers. He said for that reason he felt Freetrade should pay £150 compensation for this.

Freetrade didn't respond to the investigator's view, and he tried to get an answer from it on a few occasions. For this reason, as our service does not know whether Freetrade is prepared to accept the investigator's findings, it is still the case that the parties are in dispute. So, Mr S's complaint has been passed to me, an ombudsman, to look into.

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 have independently reviewed Mr S's complaint and have arrived at the same outcome as the investigator, for the same reasons.

I have carefully read all of the emails that were sent between the parties and can see that Mr S did have some difficulties in getting the information he required from Freetrade. Initially, after asking how long it would take for him to receive his PID reclaimed tax payments, he wanted to obtain details about what he was paid so he could be assured that he had received all that was due to him. I think Mr S's request was a fair one, because he had received a payment in bulk, he was unsure what it related to and was unable to receive the information he was after on Freetrade's system.

Freetrade initially gave Mr S what it thought was a solution and said he could check on its app and look at the payments it had withheld for tax. But like Mr S, I don't think this helped in terms of establishing what the bulk payment was for that it made back into his ISA account. Only more information about the reclaim payments, would have given Mr S the assurance that he was looking for, regarding what was being paid into his account.

Freetrade has recently told our service that it was aware of the issues raised by Mr S and that it was looking at ways to improve matters here, but that there was no timeframe for this. I don't think I can say much about the improvements it said it was looking into, as it's a

matter for Freetrade regarding how it provides its information to its customers, including Mr S, whether that be automatically and accessible through its system or manually, if need be, on request. That said, I can see that it would have been helpful for Mr S if the reclaim payment details had been broken down further so he could have reconciled them with what had been deducted in withholding tax, and this was not something, by the look of things, that Freetrade were able to provide or offer.

In the circumstances of Mr S's complaint, I do understand why he requested further information from Freetrade, considering what I have already explained. I would have expected Freetrade to have wanted to help provide the information Mr S was requiring here, to help him understand what the bulk payment was for and which of the reclaim payments were included in it. Freetrade though has admitted it failed in its response to Mr S and some of the points he raised to it. I can see that it didn't provide all of the information he asked for, took a long time to respond to him and at times ignored him completely.

Then, when our service asked the same questions of Freetrade, it did provide a list of the PID reclaim payments for a period of time that Mr S was looking for, albeit not broken down further in a way that Mr S was looking for. I think if it had provided the list that it gave the investigator, when Mr S had made his initial request and explained to him about its limitations with its system, then it would have provided as much as its system could allow and in turn, most likely saved Mr S from the distress and inconvenience he incurred in trying to obtain more. So, I don't think Freetrade treated Mr S fairly, when he has asked for help in obtaining relevant information for investments held on his account. It's for this reason that I uphold Mr S's complaint.

To resolve matters in relation to the mistakes that I think it has made in how it has responded to Mr S, Freetrade Limited should pay £150 for the distress and inconvenience it has caused him.

My final decision

My final decision is that I uphold Mr S's complaint about Freetrade Limited. To put things right Freetrade Limited should pay Mr S £150.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 7 February 2025.

Mark Richardson
Ombudsman