

The complaint

Mr E complains that Freetrade Limited didn't honour a promotional offer to give him a free share when he transferred his ISA to its platform.

What happened

In early 2024, Freetrade ran a promotional campaign, where subject to certain conditions, people opening an ISA or adding money to an existing ISA with Freetrade would receive a share into their account of a certain value. Mr E transferred £20,000 into his Freetrade ISA, which he says ought to have entitled him to a share worth £200.

When Mr E chased Freetrade for his promotional share in May 2024, it told him he wasn't eligible because his ISA was held with a monthly subscription, not an annual one. And that the promotional offer was only for customers taking out an annual subscription.

Mr E complained and said the terms of the promotion didn't specify he needed an annual subscription, so he thought he should receive the promised share.

Freetrade didn't agree Mr E was eligible, but acknowledged the promotional materials weren't as clear as they could have been and offered him £25 to say sorry.

Mr E brought his complaint to our service where it was considered by one of our investigators.

She thought the terms of the offer were unclear and misleading, and understood why Mr E had thought he'd be eligible for the free share. She said she didn't think it would be fair to give Mr E the share now, as she was satisfied the promotion had required an annual subscription. But she thought the loss of expectation had been upsetting for Mr E and considered Freetrade should pay him a further £100 in light of that.

Mr E responded a while later to say he hadn't received the recommended £100. Freetrade didn't respond, nor did it respond to three further emails from our investigator. So the case has been passed to me for 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.

Freetrade need to ensure that its communications with customers are clear, fair and not misleading in line with the requirements of the regulator's Conduct of Business rules at COBS 4.2.1R. When it wrote to Mr E about this promotional offer, Freetrade set out the broad principles of the offer with a link to the terms of the offer, and a frequently asked questions (FAQ) page.

I think the terms have two clauses that are relevant here. At clause 5(a) the terms say to qualify for a share award you need to hold a "*relevant Freetrade account*" which is defined in the terms as (amongst other things) a Freetrade ISA, opened before a particular time.

There's no dispute Mr E held an ISA with Freetrade which was open at the relevant time. This definition makes no mention of the need for an ISA to be held with an annual subscription (Freetrade offers its ISAs with either a monthly or annual subscription option).

The terms also say at clause 7(b) that you will only remain eligible for the free share award if you *"keep any annual Freetrade subscription in effect until after the Award"*.

I don't think the terms alone are sufficiently clear about the need to hold an annual, rather than monthly, subscription. The requirement at clause 7(b) talks about *"any"* annual subscription you might hold – which in my view on a normal reading implies that you might have one of a number of types of annual subscription, or equally none at all.

The FAQ document to which Mr E was provided a link is more specific. One of the questions given is *"Are there any other requirements to qualify for free shares?"* and the answer is given that if you are transferring into an existing ISA *"you need to be on an annual subscription to qualify"*.

For completeness, there's no dispute that Mr E was otherwise eligible under the remaining terms of the promotional offer – the only point of contention relates to his lack of annual subscription.

I don't think that one reference in the FAQ is enough for Freetrade's overall communication about the offer to have been clear, fair and not misleading. There was in fact more to the type of *"relevant Freetrade account"* you needed to have to qualify for this promotion than was given solely in the definition in the terms. I think Freetrade ought to have made this requirement clearer than putting the answer in the FAQ. I don't think Freetrade's lack of clarity in its promotional material was fair to Mr E.

Putting things right

Mr E wants Freetrade to honour the free share. I don't think that would be fair in these particular circumstances. It's beyond my role to say how the overall contract between Mr E and Freetrade should be constructed – that's something for the courts. But I'm mindful that Mr E was encouraged to read a number of sources of information about the promotion, not just the bare terms, which included the FAQ. I'm satisfied that Freetrade's promotion was only to apply to those with an annual subscription, so I don't think it would be fair for Mr E to benefit from the free share while holding a monthly subscription.

But as I've said, I don't think Freetrade made this sufficiently clear to Mr E. So I've had to think about what Mr E would have done differently had he been given clearer information about the terms of the offer. Our investigator asked Mr E what he'd have done if he'd have understood he needed to take out an annual subscription, and he said he wouldn't have made the transfer.

So I'm satisfied Mr E wouldn't have qualified (or taken steps to qualify) even if he'd been accurately informed. I therefore make no award for his loss in terms of the share he wanted to receive.

However like our investigator I agree that the misleading information gave Mr E false hope he'd receive a share. And that discovering this wasn't the case will have been upsetting for him. I agree that £100, on top of the £25 already offered by Freetrade, is fair compensation for that.

I note finally that Freetrade hasn't responded to our service since our investigator issued her assessment of this case. I've borne in mind the need to ensure both parties have an

opportunity to make representations before I give my final decision on the matter. I can see our investigator emailed her assessment, and sent three follow up emails over the course of around two months, and that these were sent to the same email address to which our original case file request was sent (and to which Freetrade responded). I'm therefore satisfied that Freetrade has more likely than not received our investigator's assessment and had reasonable opportunity to respond should it have chosen to do so. I therefore consider it fair and reasonable to issue this decision now.

My final decision

My decision is that Freetrade Limited must pay Mr E £125, less anything it has already paid him in relation to this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr E to accept or reject my decision before 18 April 2025.

Luke Gordon
Ombudsman