

The complaint

Mr H complains about the price he received following the sale of shares in his stocks and shares ISA with Halifax Share Dealing Limited.

What happened

In 2024 Mr H held 156 shares in Polar Capital. On 23 August 2024 Halifax sent a corporate action notification to Mr H's online account explaining that a share split would be taking place, subject to shareholder approval. It explained that 10 new shares would be issued for every ordinary share held, with the share price decreasing at the same time and if approved, this would take effect on 13 September 2024.

On 13 September 2024, Mr H logged into his account after the market closed and saw that the number of shares he owned was 1,560 and they had a closing price of 2,880p. He decided to place an order to sell, aware that the order would be executed on 16 September when the markets next opened and the valuation he received said that he was in profit by £41,444.29. When the deal was placed, the shares were sold at 296p. He received £4,598.90 for the shares instead of the £44,928 he'd been expecting, so he complained that he wouldn't have sold had Halifax quoted the correct price.

Halifax didn't uphold his complaint, explaining that they had let him know about the stock split – though noting that he hadn't opened the message they had sent in August. They said their platform is not intended for use in making investment decisions, as per their terms and conditions. They explained following stock splits, valuations on their platform can take 24 hours to update. Mr H remained unhappy and so brought his complaint to our service.

An investigator considered the complaint and upheld it. She found that Halifax had made an error in the share price it displayed on 13 September 2024, and that it wasn't fair to rely on the terms and conditions, as Halifax still had an obligation to communicate information in a clear, fair and not-misleading way. However, she felt Mr H could have mitigated his losses by buying the shares back soon after the sale at around the same, or less than, the price he received for them, so didn't think it was fair to say Halifax were fully responsible for any financial loss. She recommended an award of £200 for the loss of expectation and distress caused by the incorrect valuation.

Halifax didn't accept this, arguing that had Mr H read the corporate action notification he'd have been aware that something was wrong with the valuation displayed, especially as it was on the day of the share split. They said Halifax *"provide the disclaimers they do regarding the information displayed on the valuation screen in the knowledge that the ever-changing environment of the stock market can produce instances such as this, where changes are taking place and price-feeds etc are re-organising. Your view removes the right of HSDL to operate their product in this way and is therefore unfair on the firm."*

Mr H also didn't agree with the investigator, in summary because:

- He chose Halifax as they are one of the largest financial institutions in the UK and that given their standing, the average person would expect their price quotes to be

accurate. The price quoted here was so inaccurate that the penalty should reflect the magnitude of the error and the £200 wouldn't encourage Halifax to avoid similar problems in future.

- He strongly disagreed with Halifax's argument that customers shouldn't rely on their pricing data, saying their purpose to provide a share dealing platform, and the pricing is so essential to that service that it's reasonable for investors to rely on the information displayed.
- He feels the corporate action is largely irrelevant, and that the focus should be on the pricing, which was so inaccurate as to be negligent.
- Regarding mitigation, he explained that his first instinct had been to raise the complaint, as he thought there had been an error by Halifax that they would fix. He explained he had later considered buying back the shares, but the share price had gone up so much he wouldn't have been able to restore his previous position.

The investigator wasn't persuaded to change her mind and so the complaint has been passed to me for a 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.

Having done so, I agree with the conclusions reached by the investigator for largely the same reasons. Halifax has relied on their terms and conditions to limit their liability, which state:

"14.3 If we provide market information, we use sources we believe to be reliable. If we use an independent information provider to provide market information, we will use all reasonable care and skill to choose that provider. But, because we and any provider may have limited or no control over the information sources, we cannot promise that the market information is accurate, complete, timely or in the right order. You must satisfy yourself that market information is reliable before you make any decisions or take any actions based upon it.

14.4 We are not responsible for any decision or action that you take or any loss that you or anybody else may suffer as a result of a decision or action taken on the basis of market information provided by us."

They've also mentioned that a disclaimer is displayed on the valuation screen on their website but haven't provided the wording of that.

Many firms have terms similar to the one Halifax uses, and warnings when investors are placing trades about the reliability of pricing feeds, and they are generally there to warn that problems could occur that mean the information isn't accurate. For example, sudden movements in the price could happen, there are certain built in delays to pricing feeds so the information will always be slightly out of date, or there could be a technological error impacting all the pricing feeds they receive from external sources. In my view, generally the purpose of such warnings is to alert investors to the fact sometimes there are errors that are outside the platform's control.

However, I don't agree that it's fair for a disclaimer or the terms and conditions to allow Halifax to be absolved of liability where they have unreasonably made an avoidable error. As a share dealing platform, they have an obligation to operate the platform with due skill, care and diligence and the pricing displayed is an integral part of the service they provide. Halifax

themselves accept in their terms and conditions that in certain circumstances they would be liable – the terms say:

“17.3 We are not liable to you for any losses unless directly caused by our negligence, wilful default or fraud.”

It's not my role to make a finding of negligence as that would be a legal finding – rather it's my role to decide whether Halifax acted fairly and reasonably. I'm not convinced that it's fair and reasonable for Halifax to rely on the terms here to absolve them of responsibility, because this is a situation they had full control over. I'll explain further.

Mr H relied on incorrect information because Halifax only updated half the information following the share split - they had managed to update the number of shares Mr H held to reflect the increased number but had failed to update the share price. Halifax has failed to explain how half of the update occurred, without the other half happening in tandem. Share splits are a common feature, and Halifax has not explained why, despite being aware of the split likely taking place for a while as it was first announced in June 2024, they couldn't ensure the information would be updated all at once.

In their final response letter, Halifax admitted that they know following a share split their system can take up to 24 hours to update the information about the shares as standard. However, they don't seem to have warned Mr H of this in any of the terms, the corporate action notification, on their website on the day the share split happened, or when he placed his trade. They had plenty of opportunities to warn him of this possibility and bearing in mind their obligation to consider the information needs of their customers, I don't consider the lack of a warning to be reasonable.

Halifax has argued that it was quite an extreme change in the value of his overall position, so Mr H ought to have been aware that something was wrong. I don't have evidence of Mr H's investment experience, or his general oversight of the account, for instance how often he logged in. Nor do I know how long he'd held these shares in particular, or what his oversight of them was. So, it's difficult for me to agree that Mr H ought to have known the valuation of his share holding was incorrect based on the information Halifax has given me and I note they've had plenty of opportunity to provide evidence in this case.

Having considered everything, I am convinced that if Mr H hadn't seen the incorrect valuation in his account, he wouldn't have sold the shares. This is particularly because in the months leading up to the sale, the valuation of his holding would have been higher than the correct valuation would have been on 13 September 2024, and he didn't sell them previously. However, I do have to take into account Mr H's subsequent actions, and he didn't take steps to buy back the shares after 16 September 2024.

I've carefully considered Mr H's comments around mitigation, and having looked at the share price over the months that followed the transaction I can see it has steadily increased in price since October 2024. However, in the couple of weeks following the transaction, it was trading at less than or around the 296p he received on selling the shares. Importantly, I can see this was the case even after Halifax sent him their reply to the complaint. So, he would have been aware that they weren't willing to restore his position and would have had an opportunity to buy the shares back in that knowledge, at around the price he sold them.

As a result, I'm in agreement with the investigator that it wouldn't be fair for Halifax to be fully responsible for the financial loss Mr H has incurred here. I also agree with the amount of compensation for distress and inconvenience that the investigator has recommended, of £200. This is to make up for the disappointment caused by Halifax's error. I've taken into account that Halifax dealt with the complaint very quickly here, and by 27 September 2024

Mr H was in an informed position about Halifax's approach to the situation, even if he didn't agree with it, so he could have bought back the shares if he wanted.

I appreciate Mr H's comments that an award of this size is unlikely to impact Halifax substantially. Our service is not Halifax's regulator – so it's not my role to fine or punish Halifax. They do have a duty under the rules to learn from the decisions our service issues. So, they ought to take my comments on board particularly about the information needs of their customers and giving warnings, in a situation where they know their system is likely going to display incorrect information.

My final decision

I uphold this complaint. Halifax Share Dealing Limited should pay Mr H £200 for the distress and inconvenience caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 4 April 2025.

Katie Haywood
Ombudsman