

The complaint

Miss Y complains about the way Crowdcube Capital Limited handled her request to transfer some shares to a new platform. She says this has taken up a lot of time and effort, and she has suffered a bad customer experience.

What happened

In 2019, Miss Y purchased shares in a small business through Crowdcube's crowdfunding platform. The shares were held on her behalf on a nominee basis by Crowdcube in a general investment account (GIA).

In February 2022, Miss Y contacted Crowdcube to transfer the shares to another platform as she was seeking to avoid incurring fees that would exceed the value of the shareholding. She was due to be charged a monthly administration fee of 0.05% at this time on her GIA.

Miss Y provided details for the new platform she wanted the shares to be transferred to, and Crowdcube made attempts to action her request. Throughout 2022 and 2023, Miss Y continued to chase and request updates from Crowdcube but the transfer didn't complete. Crowdcube sighted this was due to problems it encountered.

Later in 2023, Crowdcube informed Miss Y that her shares had been sold to pay for the fees due on her account. It offered to pay her the value of the shares at the point they were deposited (£49.28) due to the loss of the shareholding from the date she originally requested the transfer. It also made Miss Y an offer of £100 in compensation for the delays in the handling of the transfer. Miss Y rejected this offer, and the matter was escalated as a formal complaint.

Crowdcube responded to the complaint. In summary it reconfirmed the offer of £100 and felt this was fair in the circumstances.

As she was unable to resolve the matter with Crowdcube, Miss Y referred her complaint to this service for an independent review. One of our investigators looked into the complaint. In summary she found the failure to transfer wasn't caused by Crowdcube, and it was entitled to charge fees on Miss Y's account. But she accepted Crowdcube could have dealt with things sooner. She found the compensation offered for the handling to be fair and reasonable in the circumstances.

Miss Y didn't accept the investigators conclusions. She provided further submissions for consideration. In summary:

- She set out further background on her transfer request and the correspondence she had with Crowdcube and the third party it uses to run the platform indicating the problems she had getting responses.
- She said promises have been broken, and the upset and effort she has been put to as a customer goes significantly beyond what she expected as part of the transfer process.

The investigator didn't find the further submissions changed the outcome, so the complaint has been referred to me to reach 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.

The crux of this complaint relates to the way Crowdcube has handled Miss Y's request to transfer some shares she held on its platform to another party. There has been a long-drawn-out process, that was ultimately unsuccessful. So my findings focus on whether there are failings by Crowdcube that have caused Miss Y a loss both in terms of her financial position and the practical and emotional impact.

Firstly, I've considered whether Miss Y has suffered a financial loss as a result of Crowdcube's handling of the transfer. The value of the shares seems to have fallen significantly from when they were originally purchased. The share price hasn't recovered meaning they are worth less now than when the transfer was first requested. So, I don't think there is a financial loss Crowdcube is responsible for - particularly as it has offered to pay Miss Y the value of the shares at the time she attempted to transfer. So even if I was to find Crowdcube at fault for the transfer not completing and applying charges that shouldn't have, this offer adequately compensates Miss Y for the value of the shares and the fees that were taken while the transfer stalled.

So, the remaining issue is whether the compensation offered to recognise the impact of Crowdcube's handling of the transfer request is fair and reasonable.

Crowdcube has explained the problems it incurred when trying to complete the transfer. It has sighted issues the third-party custodian it uses had with liaising with Miss Y's preferred alternative platform. It says it was unable to facilitate the transfer due to issues with supporting the US market, and also that it could only process transfer through the UK based CREST system. But it does accept the level of customer service provided during the period fell short of its usual standards. Having sought clarification with Crowdcube it has confirmed that it is offering Miss Y £150 in compensation for the impact of its handling of her transfer request.

Miss Y has provided evidence of the communications she had with Crowdcube through the extended period since she first requested the transfer. I haven't commented on everything she has provided but I have considered all of her submissions. From my review of the evidence, it is clear to me that Miss Y has chased many times for updates, and not always been responded to in a timely manner. She has gone to a lot of effort to try and get the transfer completed. I also note the explanations given by Crowdcube about what was going on were not always accurate and/or confusing. This all led to upset and stress when Miss Y realised her shares had been sold to cover the account fees. In my view, it is clear that Crowdcube's actions have contributed in a material way to the practical and emotional impact Miss Y has suffered during the transfer process.

For this reason, I'm satisfied it is appropriate for Crowdcube to pay Miss Y compensation for the distress and inconvenience she has suffered as a result of Crowdcube's failings in the way it handled the transfer process. As set out above there have been both practical and emotional impacts on Miss Y. I've considered whether the offer made by Crowdcube is fair and reasonable compensation in light of these circumstances. I understand Miss Y feels a more significant payment should be paid to reflect the impact on her. But having considered everything, I think the £150 compensation that has now been offered, is a fair amount overall, and I don't require it to increase this further.

Putting things right

To put things right, I require Crowdcube to do the following:

- Pay Miss Y £150 in compensation for the distress and inconvenience she has suffered as a result of how the transfer request was handled.
- Pay her the value of the shares – which amounted to £49.28 at the time of request.

My final decision

I uphold this complaint and direct Crowdcube Capital Limited to pay the compensation set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss Y to accept or reject my decision before 16 January 2025.

Daniel Little
Ombudsman