

The complaint

Mr and Mrs V complain Equiniti Financial Services Limited (EFSL) is preventing them from selling shares they own and have the proceeds paid to their bank account.

What happened

Mr and Mrs V purchased shares several years ago and held some of them in certificated form and some electronically. They are customers of EFSL and have used the share dealing services it provides. Several years ago, they moved abroad and no longer reside in the UK. But they continued to hold their shares.

In July 2024, Mr and Mrs V made enquiries about selling their shares in four different UK companies using EFSL's postal shared dealing (PSD) service. When they started completing the necessary form, they couldn't proceed because the form stated that funds will only be released by means of a cheque, and not through an electronic transfer to their non-UK bank account. This was a problem, because most banks in the country they live in, do not accept cheques anymore. They asked EFSL to help them find a way to get hold of the money.

EFSL responded to say, it can only issue the proceeds as a Pound Sterling cheque. It suggested that Mr and Mrs V enquire if there are brokers in their home country who could sell the shares. Or alternatively, it said that they could transfer the shares to a UK resident, but this would mean this person would be the new shareholder and it couldn't compel them to transfer the proceeds of the sale to Mr and Mrs V.

After further back and forth, no resolution could be reached. Mr and Mrs V raised concerns about the way EFSL was handling their request. This was treated as a complaint, and EFSL issued responses to each of them separately. In summary it said:

- The terms and conditions of the PSD service say the proceeds will be paid by cheque only. And it can't make bank transfers to overseas bank accounts.
- It apologised for an error made in one of its communications about this and by way of compensation for this error sent Mr and Mrs V £25 each.
- It suggested they look for another broker who can pay the proceeds by bank transfer.

Mr and Mrs V didn't accept this response so referred their complaint to this service for an independent review.

One of our investigators looked into the complaint. He found that EFSL hadn't treated Mr and Mrs V fairly by failing to agree to transfer share proceeds to their bank account. He said that Mr and Mrs V have tried everything suggested by EFSL, but they haven't been able to find a solution. He was not persuaded by EFSL's argument that the decision not to send funds electronically is risk based to prevent fraud, particularly because Equiniti has been able to arrange for other payments to Mr and Mrs V's non-UK account. He was of the view that EFSL hasn't supported Mr and Mrs V in achieving their financial objectives – that being to liquidate and receive the proceeds of the shares they own to allow them to administer their assets more simply in old age. He requested that it agrees to make electronic payments to their bank account.

EFSL didn't accept the investigator's conclusions. In summary it said:

- The terms and conditions of the PSD service clearly outline the basis on which the service is offered.
- It doesn't have the means to verify Mr and Mrs V's overseas bank details.
- To allow electronic payment, it would have to bear the responsibility of providing a foreign exchange payment service. This capability doesn't form part of the PSD product, nor is the product structured with the right regulatory payment service provisions.
- The payment of dividends (classed as share registration activity) and compensation payments do not form part of the PSD Service provided by EFSL and therefore it is not appropriate to reference this in the findings. Another unregulated part of its business makes these payments.

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 acknowledge the information EFSL has provided about the terms of the PSD service, specifically that the process sets out that sale proceeds will be paid by cheque.

But it is clear from the specific circumstances of Mr and Mrs V's situation that this stipulation isn't something they could practically use to receive the amounts due from a share sale. In my view, it is fair to expect that EFSL pays further consideration to their specific circumstances than only rely on the terms.

The Consumer Principle requires firms like EFSL to act to deliver good outcomes for its retail customers. This includes providing support that meets their customers' needs and enables them to pursue their financial objectives. It is also expected of EFSL to act flexibly to the needs of vulnerable customers.

Mr and Mrs V's circumstances have changed since they purchased their shares. They have long left the UK. They have reached an age (they are in their eighties) where they want to simplify their finances. While they no longer reside in the UK, they still held a UK bank account for a number of years, but recently they have been forced to close their UK account as the institution they banked with informed them it would no longer allow bank accounts for non-UK residents. There have also been changes in banking services and practices overtime. While in the UK it is (currently) still reasonably easy to cash a cheque with a high street bank, my understanding is that in other countries in Europe this isn't the case. Mr and Mrs V have confirmed cheques are no longer accepted in the country they live in – and this specifically applies to the bank they hold their account with. They also hold another account in a different country, but again they say this bank doesn't accept cheques.

In addition, Mr and Mrs V have attempted to follow the suggestions provided by EFSL in order to complete the sale of the shares in a way that allows them to receive the proceeds. They have made attempts to find alternative brokers who can facilitate the sales for them, but it hasn't been possible to find one that will accept them.

So, this leaves them in a somewhat unique situation where it seems that, as its existing customers, only EFSL is in a position to help them achieve their financial objective of liquidating their shares.

EFSL says that the decision to not complete transfers to non-UK accounts is to prevent fraud risk as it has experienced fraud or attempted fraud where persons have presented copies of documentation from overseas that were not valid.

I acknowledge what EFSL says, but in relation to Mr and Mrs V's non-UK account I see that another part of the Equiniti group has been able to arrange for other payments to that account. And EFSL itself has been able to make compensation payments to Mr and Mrs V to that account without any issue. I appreciate these payments aren't made as part of the PSD service and may be smaller in value, but they do indicate a capability to verify and process transfers to Mr and Mrs V's non-UK account. I haven't been provided with anything to support why EFSL has specific concerns about the bank details Mr and Mrs V have provided.

I note EFSL has said allowing an electronic payment, would mean it has to bear the responsibility of providing a foreign exchange payment service. I don't agree that making this type of payment would cause this requirement. It has been established that EFSL has the capability of making sterling payments to Mr and Mrs V's account.

Mr and Mrs V have been clear what their financial aim is and the reason why they want to liquidate their shares at this time. They are elderly consumers who are seeking to simplify their financial affairs by liquidating assets for the benefit of their inheritors. They have made attempts to follow the suggestions provided by EFSL to find an alternative way of achieving this objective, to no avail.

As existing customers of EFSL, I find it reasonable that they would expect this firm to help support them in their specific and unique circumstances rather than being left with no plausible alternatives to receive the proceeds from selling their shares. In my view, on this occasion, EFSL could reasonably do more and respond flexibly to Mr and Mrs V's specific needs to find a solution that offers effective support to allow them to achieve their financial objective.

For the reasons given, I uphold this complaint and reach a finding EFSL hasn't treated Mr and Mrs V fairly when dealing with their request to pay the proceeds of their planned share sales into their bank account.

Putting things right

In resolution of this complaint, I direct EFSL to agree to take an instruction to process the share sales Mr and Mrs V want to make under the PSD service and pay the proceeds by electronic transfer to Mr and Mrs V's non-UK account.

My final decision

I uphold this complaint, and direct Equiniti Financial Services Limited to follow the direction set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs V to accept or reject my decision before 13 March 2025.

Daniel Little
Ombudsman