

The complaint

Mr T complains that AJ Bell Management Limited ("AJ Bell") provided him with misleading information regarding a sell order he placed in his Self-Invested Personal Pension "SIPP").

What happened

Mr T holds a SIPP with AJ Bell. He placed a sell order at 4:48am on 10 January 2023 in respect to some units held in an equity fund ("the Fund").

Mr T complained to AJ Bell in January 2023 as he felt it had failed to disclose material information regarding the trade being on a T-1 basis, which is when a trade is executed on the business day immediately following the order date and priced on the day it is executed.

Mr T said the published information provided by AJ Bell said its pricing frequency was daily, and the dealing cut-off time for the Fund was 3pm (as stated in the Fund Overview). Also, that the Fund's dealing frequency was daily, and the valuation time was 5pm Luxembourg time (as stated in the Factsheet for the Fund). As he had placed his sell order prior to the dealing cut-off of 3pm, he said he expected the valuation to be that of the closing price of £21.77 per unit provided on 10 January 2023. However, he received the closing price of £20.64 per unit provided on 11 January 2023. He said he was monitoring the performance of the Fund for several months prior to placing the order and so he would have acted more cautiously and would have likely placed the sell order on 6 January 2023, thereby suffering a smaller loss.

SJP considered Mr T's complaint but didn't uphold it. In summary, it said:

- It traded the Fund through a custodian which is on a T-1 basis, which meant that the order needed to be put in prior to the cut-off time of 3:15pm the previous day.
- It confirmed that Mr T's sell order was bulked in line with the cut-off time on 10 January 2023 and subsequently dealt at 9am on 11 January 2023.
- It has an independent research page on its website where it listed that the Fund had a cut-off time of 3pm for trades.
- The prospectus for the Fund also confirmed that there was a dealing cut-off time of 3pm and that the trade would trade at the following morning's 9am valuation point.

Mr T didn't accept AJ Bell's findings and so he referred his complaint to this service for an independent review. In referring his complaint, Mr T said, contrary to AJ Bell's assertion, the published information said its pricing frequency was daily, and the dealing cut-off time for the Fund was 3pm (as stated in the Fund Overview), the Fund's dealing frequency was daily and the valuation time was 5pm Luxembourg time (as stated in the Factsheet for the Fund).

One of our investigators considered Mr T's complaint but didn't uphold it. In summary, they said they were satisfied that Mr T had never received same day pricing and execution when dealing funds.

Mr T didn't accept the investigator's findings. In summary, he said the information provided by AJ Bell was inadequate for a reasonable investor to be on notice that the valuation point

would be the one published the day after the order (being 5pm Luxembourg time on 11 January 2023), not the first one published after the order was placed (being 5pm Luxembourg time on 10 January 2023).

As Mr T disagreed with the investigator's findings, the complaint has been passed to me to decide.

I issued a provisional decision in December 2024, and I include a copy below:

What I've provisionally 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 understand the crux of Mr T's complaint is that AJ Bell provided him with misleading information regarding his ability to place a sell order and receive same day pricing. As such, it's my role to determine whether AJ Bell did provide misleading information and if so, whether he would have done anything differently had he been provided with clear information.

Looking at all of the published information AJ Bell provided, I do think it was unclear as to what valuation Mr T would receive when making his sell order. I say this as the Prospectus for the Fund doesn't say anything specific about what time is used to calculate redemptions. All I can find is a mention that if the fund manager receives an order by 10am Luxembourg time on a dealing day, the order should get dealt that day. The only other mention of a valuation time provided can be found in the Fund factsheet which states 5pm Luxembourg time.

I think the confusion lies here with AJ Bell having its own dealing cut-off time of 3pm UK time and so it appears to take orders throughout the day, packages these up after this cut-off time and sends them to the specific fund managers to process. So the T-1 basis is because in reality, AJ Bell sends orders in the afternoon that are ahead of the following day's 10am Luxembourg cut-off time for the fund manager and it follows that the trade would be valued using the valuation time of 5pm Luxembourg time that day and not the day the trade was received by AJ Bell. As such, I think it was reasonable that AJ Bell wasn't able to send Mr T's order placed at 4:48am on 10 January 2023 to the fund manager before 10am Luxembourg time that day. So, it follows that the correct process was followed when AJ Bell sent the order to the fund manager after 3pm UK time on 10 January 2023 and the trade was placed the following day and Mr T received the correct valuation given at 5pm Luxembourg time on 11 January 2023. So, I'm satisfied Mr T received the correct price for his sale order.

Having said that, on balance, I do think the information provided to Mr T was unclear and I understand why he may have expected to receive a valuation dated 10 January 2023. So, I think AJ Bell should compensate him for the distress and inconvenience caused.

I've also thought carefully about whether Mr T would have done anything differently had AJ Bell made its process clearer to him at the outset. But having done so, I'm not persuaded he would have acted differently. I say as, as although Mr T says he was monitoring the price of the Fund in the months preceding his sell order, in his submission to this service he says that:

"Noting that the Fund was at risk of correction given the direction of the inflation data, from 3 January 2023 early signs were indicating the possibility that an inflexion point in the Fund had been reached and I was readying to disinvest the Fund. Following a

5.63% fall on 5 January 2023, I delayed my decision to place a sell-all order. This was on the misled expectation that I could fix at the closing price on the next business day.”

However, Mr T didn't proceed to place his sell order until 10 January 2023, some five days following the 5.63% fall. As such, I'm not persuaded Mr T would have acted sooner in placing the sell order as he didn't do so despite a large fall in the value of the Fund.

Both Mr T and AJ Bell disagreed with my findings. In summary, Mr T said:

- There is no evidence or implication that he would not have acted differently.
- Given he was closely monitoring the price strongly evidences that the timing of the dealing was paramount in his mind.
- There was a significant amount of money at risk of the volatility.
- To believe that an investor would not be concerned about the timing of a deal in those circumstances is unthinkable.
- The immediacy and degree of time invested in his initial complaint and thereafter strongly evidences the truth of his assertions.

In summary, AJ Bell said:

- The valuation point for the Fund was 5pm Luxembourg time, however this is not the same as the cut-off for dealing.
- As stated in its Order Execution Policy, orders are placed forward to the next available valuation point.
- The cut-off time for placing orders was 10am Luxembourg time, therefore it set its cut-off time for dealing prior to the funds in order that it has sufficient time to place the orders with the fund prior to their cut-off time.
- Mr T's sell order, placed at 4:48am on 10 January 2023, was processed in accordance with these policies.
- In line with its Execution policy, the order was placed forward to the Funds next valuation point. As the Fund manager cut-off is 9am UK time, the fund was placed forward to the next day therefore receiving value on the 11 January 2023.
- It disclosed a cut-off of 3pm vs the Fund cut-off of 9am the order would be placed for the following days valuation point.
- Whilst the information published in the Fund documentation states that the valuation point is 5pm Luxembourg time and that our dealing cut-off time is 3pm UK time, the valuation point is not the time for when trades must be received by the fund to achieve that valuation point.
- While it understood my interpretation of the information provided, the details were accurate and sufficient for Mr T to understand the process.
- It also noted that I was able to determine that the order was correctly dealt with in accordance with the process, which demonstrates that the information provided is clear, supporting the view that it was reasonable for Mr T to have understood it as well.
- It believes the information provided was neither unclear nor misleading and there is no evidence to suggest that Mr T would have acted differently had he fully understood the cut-off and valuation process.

As both parties disagreed with my provisional findings, the complaint has been passed back to me to decide.

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 don't dispute that AJ Bell has followed its correct internal process for placing Mr T's trade, however, I still don't agree that the information provided to him was clear, fair and not misleading. I've taken on board AJ Bell's comments around its process; however, I think it has failed to take into account that the Prospectus for the Fund mentioned that if the Fund manager receives an order by 10am Luxembourg time on a dealing day, the order should get dealt that day. I appreciate AJ Bell didn't place the order having with the Fund manager prior to that time, but I can also understand why Mr T may have expected AJ Bell to have done so considering he placed his order with it at 4:48am on 10 January 2023.

As I mentioned in my provisional findings, considering AJ Bell having its own dealing cut-off time of 3pm UK time and as it appears to take orders throughout the day, packages these up after this cut-off time and sends them to the specific fund managers to process, I don't think it was unreasonable for AJ Bell to have placed Mr T's order after 10am Luxembourg time. However, I'm still persuaded this wasn't made sufficiently clear to Mr T and so I do think some compensation is warranted in these circumstances.

Turning to Mr T's comments, I appreciate he feels strongly that, given he was closely monitoring the price, the timing of the dealing was paramount in his mind and that there is no evidence or implication that he would not have acted differently. However, I disagree. I say this as I'm satisfied there is evidence that he noted there were early signs indicating the possibility that an inflexion point in the Fund had been reached, at the very latest, on 5 January 2023, but despite saying he was on the misled expectation that I could fix at the closing price on the next business day, he didn't proceed to place his sell order until 10 January 2023, some five days following a 5.63% fall in value. In my opinion, this is evidence that he would not have acted sooner in placing the sell order, had clearer information regarding AJ Bell's internal processing of trades been provided.

Putting things right

To put things right for Mr T, I'm currently minded in saying AJ Bell should pay Mr T £200 for the distress and inconvenience caused in providing him unclear information regarding its trading process.

My final decision

My final decision is that AJ Bell Management Limited should pay the compensation as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T to accept or reject my decision before 4 February 2025.

Ben Waites
Ombudsman