

The complaint

Mr J complains about the way Crowdcube Capital Limited handled the administration of his shares, which prevented him from receiving the proceeds he says he was entitled to. He doesn't think the offer of compensation made sufficiently recognises the value of the shares.

What happened

In December 2020, Mr J invested €58.66 to purchase 119.80 ordinary shares in a startup company via Crowdcube's platform. The shares were held on a nominee basis with Crowdcube.

In October 2021, Mr J received notification of a share split in preparation for an initial public offering (IPO) on the Euronext exchange. After the split of the shares, Mr J held 2,995 shares.

In April 2022, Mr J asked for confirmation of his holding from Crowdcube, which was provided to him.

In June 2022, Crowdcube provided an update regarding the IPO and the options being considered for shareholders. Further updates were given on the subject, and Mr J requested guidance to allow for his shares to be transferred to a broker.

Crowdcube sent a request on 1 January 2023 for Mr J to sign an e-document to facilitate the share transfer. But this was sent to an invalid email address. So, Mr J didn't know he had to respond. As a result, the process didn't move forward, and the shares weren't transferred.

When Mr J chased up what was going on in July 2024, Crowdcube told him he had missed the window for them to be transferred and the shares remained held by Crowdcube nominee.

Mr J raised a concern about how things had been handled by Crowdcube. This was treated as a complaint.

Crowdcube responded to say its investigation found it likely an admin error linked to updating Mr J's email address was the cause of him not receiving all of the updates, which in turn meant he missed the opportunity to transfer his shares. It offered him £150 in compensation for the distress and inconvenience caused, as well as the opportunity for him to sell his shares back. Crowdcube offered to buy the shares back for the same initial price Mr J purchased them for in 2020.

Mr J wasn't happy with the response, he said he had lost out on receiving the price available for the shares after the IPO - and this was substantially more than what Crowdcube is offering to purchase the shares for now. He referred his complaint to this service for an independent review.

One of our investigator's looked into the complaint. She thought it should be upheld. In summary she said:

- Crowdcube acknowledged its mistake and agreed that it should have emailed the correct address, and if it had done so then it's likely that Mr J would have signed the transfer authority and Crowdcube would have transferred his shares by the end of January 2023.
- The evidence suggests Mr J wanted to transfer his shares at that time, not sell them. So, to work out his loss she considered the point at which there is evidence that shows when Mr J wanted to sell the shares. She thought this was on 26 July 2024 when he contacted Crowdcube about his share transfer.
- A share is only worth what someone will pay for it and an internet search shows that the share price on 26 July 2024 was theoretically €0.4075, however there were no trades at that price on that day, suggesting there were no buyers at that price. So, she didn't think it likely Mr J would have been able to sell in the market at this time. She said it was only after 30 September 2024 there was liquidity, at a price of around €0.20 per share. So, a reasonable assumption is that Mr J could have sold his 2,995 shares at a price of €0.20, providing a total value of €599.00.
- She said Crowdcube should pay this amount with 8% per year simple interest to the date of settlement.
- She found the offer of £150 for the distress and inconvenience Mr J suffered to be fair.

Mr J accepted the investigators findings.

Crowdcube didn't agree. In summary it said:

- It doesn't agree Mr J suffered the consequential loss of an investment opportunity due to the inability to transfer his shares.
- The proposed compensation relies on a share price of €0.4075 per share, derived from an unverified internet search on 26 July 2024. However, this pricing method does not meet FCA standards of accuracy and reliability. The calculation assumes a perfect sale execution, despite no proof that such a sale was possible or attempted.
- Redress should be fair and proportionate, restoring a complainant to the position they would have been in, but not placing them in a better position.
- Its offer of €58.66 (the original purchase price) plus €150 for distress ensures Mr J is not financially disadvantaged and avoids overcompensating him based on hypothetical scenarios.
- There is no record of Mr J actively seeking to sell his shares prior to this complaint. Had he made a clear attempt to sell at a specific price and been prevented from doing so, there might be an argument for consequential loss.

As no agreement could be reached the complaint has been passed 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.

It isn't in dispute that failings by Crowdcube resulted in Mr J not being able to transfer his shares in late 2022 / early 2023 as he had intended. Crowdcube has admitted that it didn't communicate using the updated email address Mr J provided in December 2022, and this resulted in him not receiving (or responding) to the requirements needed for the transfer to process, leading to his shares still being held with Crowdcube's nominee.

So, the focus of my decision is on what Crowdcube needs to do to put things right.

Crowdcube has offered to take ownership of the shares and repay Mr J the amount he purchased them for in 2020. And also pay him compensation for the distress and inconvenience he's suffered as a result of what's happened. It says this is a fair outcome because it ensures Mr J isn't financially disadvantaged, and avoids overcompensating him based on hypothetical scenarios, which it thinks would be inconsistent with FCA expectations for fair and reasonable redress.

Mr J's position is that he has lost out financially because he was unable to achieve the value he could have for his shares, which he otherwise would have been able to but for Crowdcube's failings. In his complaint form to this service, he claimed he has suffered a financial loss as he was unable to benefit from the IPO, and had he been able to he would have sold his shares for significantly more than Crowdcube is offering him. He has referenced a share price as high as €1.03 but acknowledges a median value could be considered. And I note he accepted the value proposed by the investigator in her assessment of €0.20. He also claims compensation for the emotional and practical impact of Crowdcube's failures.

In assessing what would be fair compensation, I consider that my aim should be to put Mr J as close to the position he would probably now be in if he had been able to transfer his shares in early 2023.

It is not possible to say *precisely* what he would have done differently. But I will set out what I think is fair and reasonable given the circumstances of the situation.

I agree with the points made by Crowdcube that redress should be fair and proportionate, restoring a complainant to the position they would have been in, but not placing them in a better position. But I don't think the offer it has made achieves this. The failed transfer means Mr J can't realise the value of his shares through a sale, so I don't think agreeing to refund the original purchase price does put Mr J back in the position he would be but for Crowdcube's failings – especially where there is some evidence of the shares have been trading at a higher price.

The balance of evidence doesn't suggest Mr J was seeking to sell his shares immediately after transferring them in 2023. And he didn't chase up what was happening with his shares until July 2024, so it doesn't appear he wanted to sell the shares before this. But it was clear he was seeking to transfer the shares away from Crowdcube nominee at the time to take advantage of the benefits of the IPO.

When Mr J contacted Crowdcube in July 2024 and subsequently raised his complaint, he did indicate he had suffered losses and wanted to be compensated for the fact he couldn't sell his shares. So, I think it is reasonable to say he did want to sell at this point and there is a potential loss to consider.

Crowdcube has argued there isn't any consequential loss as a result of its failings, but I don't agree. In my view, he has suffered a consequential loss as his ability to trade and receive a market value for his shares has been removed by Crowdcube's failings. Obviously, a loss would depend on the movement of the share price. But the data the investigator was able to find indicates the shares have been trading at a higher price than what Crowdcube has offered Mr J. While Crowdcube has disputed the validity of this data, it has offered no alternative evidence to show the what it considered could realistically be achieved if the shares were sold.

I acknowledge Crowdcube's points that there is uncertainty on when a trade could be completed, and the price Mr J could have achieved if he made attempts to sell in the second half of 2024 (after making his complaint). It also thinks the figures suggested in the investigator's assessment were speculative and assume a perfect sale execution. I understand the points made, but I think there is still a basis for establishing loss.

In the circumstances here, I find there is a need to make reasonable assumptions to establish a loss. The proposal set out by the investigator gives an explanation of the assumptions made and the data being relied on. As mentioned, Crowdcube hasn't provided any alternative method of determining what price could be achieved. It says the proposal is speculative but hasn't provided persuasive evidence as to support why Mr J couldn't have achieved a sale price of €0.2 if he attempted to sell his shares in the second half of 2024. I accept it is difficult to give a precise date and value for a sale. But I think by researching the share price and sale volumes online in this period, it does give the basis for a reasonable assumption of what could be achieved. I think using a sale date of 30 September 2024 and a price of €0.2 per share does give a value that is based on market positions and something that likely could have been achieved, and not completely speculative.

I agree that as part of the redress proposals Mr J is required to agree to Crowdcube taking ownership of his shares. So, I would expect him to meet the reasonable requirements to allow for a transfer of the shares.

I've also considered the emotional and practical impact of Crowdcube's failings on Mr J. He has suffered frustration and disappointment. And he has also had to chase things up to find out what was going on. Crowdcube has offered him £150 in compensation for the distress and inconvenience caused. Having considered this, I agree this is a fair and reasonable level of compensation based on the circumstances, and in line with what I would award.

Putting things right

To compensate Mr J fairly, Crowdcube must pay him:

- €599 (based on a share price of €0.2) in return for the shares, plus 8% simple interest per year on this amount from 30 September 2024 to the date of settlement.
- £150 for the distress and inconvenience its errors have caused.

Income tax may be payable on any interest awarded.

My final decision

I uphold the complaint. My decision is that Crowdcube Capital Limited should pay the amount calculated as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr J to accept or reject my decision before 29 August 2025.

Daniel Little
Ombudsman