

The complaint

Mr A held 708 Polymetal Plc shares in Freetrade Limited's ('Freetrade') nominee account. After the shares were delisted from the London Stock Exchange ('LSE') Mr A complained that Freetrade didn't advise on a process to transfer the shares or what options were available. If he had known sooner, he says he would have just sold his shares when they were still listed. Mr A says he has lost around US\$2,103.

What happened

As a result of sanctions following the Ukraine war, Polymetal's shares were delisted from the LSE on 29 August 2023. Subsequently the shares were listed on Astana International Exchange ('AIX'). Mr A was told by Freetrade not to take any action, but he didn't hear anything for a year about how to transfer his shareholding to his name in certificated form.

So, he raised a complaint with Freetrade. It responded on 7 August 2024 to say;

- As an execution only broker it was generally unable to facilitate the direct registration of shares held on its platform as they were held by third party custodians.
- This was outlined in its terms and conditions.
- It was working on finding a solution so that it could offer share certificates, but its decision was that it wasn't able to support the issuance of shares in certificated form for Polymetal.
- It didn't uphold the complaint. It was satisfied it had been acting with the best interest of its customers trying to resolve the situation promptly.

Unhappy with the outcome, Mr A brought his complaint to the Financial Ombudsman Service. Our investigator who considered the complaint thought that Freetrade needed to do more. He said;

- He detailed the timeline of events from May 2023 onwards.
- Freetrade had told Mr A the last day he would be able to trade the shares on the LSE was 16 July 2023.
- Mr A had previously been advised by Freetrade on 29 June 2023 that he didn't need to take any action.
- Freetrade didn't have access to AIX, and it didn't deal with shares in certificated form which had been offered by Polymetal on 2 August 2023. This was then contradicted by AIX.
- Freetrade was unable to facilitate the transfer of the shareholding to AIX. Mr A was advised by AIX that Freetrade could complete a form for the transfer and there would be no costs.
- Freetrade confirmed that it would not offer trading on AIX.
- The investigator didn't think Freetrade had acted fairly by saying it wasn't possible to transfer his shares. Mr A didn't need for Freetrade to offer trading on AIX, just to

transfer them to an AIX registered broker.

- Freetrade should pay Mr A £150 for the distress and inconvenience caused and facilitate the transfer of his shares.

Freetrade didn't agree. It said;

- It was an execution only broker and registering the shareholding with AIX or transferring them to a certified format was outside of its obligations and process.
- Its terms and conditions didn't say it would be able to operationally support the situation and it hadn't provided a deadline on when a process would complete, if at all.
- For Freetrade it wasn't as simple as filling out a form to transfer the shares. It would require direct registration of the shares which it did not offer as they were held in a pooled nominee. Providing access to AIX would require it to register its entire nominee shareholding, which would include clients who didn't want that option.
- It needed to ensure it treated all of its customers fairly.
- It had contacted its clients about interest in transferring their holdings to AIX but not all clients had responded. But it would allow for a customer's holding to be transferred to the AIX which is an exchange rather than an AIX registered broker. As an execution only broker it was unable to connect a client with a broker who would be able to support the trading of Polymetal.
- Mr A would have to trade via an AIX designated broker which may incur fees but shareholders would be in the same situation as they would not be able to trade and would just review a statement of their holdings. Freetrade wouldn't be able to support any further queries related to Polymetal as it would no longer be holding the shares on Mr A's behalf.
- Because of global sanctions it would have to carry out additional checks to ensure that customers weren't exposed to additional risk which might extend the process or make it impossible.

After further correspondence our investigator thought Freetrade indicated that a transfer could be done and appreciated it was trying to help Mr A. It was the investigator's view that as a nominee Freetrade should take reasonable steps to assist Mr A in transferring his shares in a reasonable timeframe. It was only Freetrade that could help. It had an obligation to take Mr A's interests into account and treat him fairly. The process had been contradictory and unclear for Mr A.

As the complaint remains unresolved, it has been passed to me for a decision in my role as ombudsman.

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.

After doing so, I've reached the same conclusion as the investigator and broadly for the same reasons. I'll explain why.

Below is a timeline of events for Polymetal;

- 14 June 2023 – Freetrade messaged Mr A to say Polymetal was to redomicile from Jersey to Astana International Financial Centre 'AIFC' in Kazakhstan which would

result in Polymetal's inability to maintain its LSE listing, so would be delisted and AIX was to be its primary listing venue. The last day to trade on the LSE was 16 July 2023 and the shares would be delisted the following day.

- 29 June 2023 – Freetrade messaged Mr A to say that further to its earlier message regarding the redomicile from Jersey to Astana International Financial Centre the company had announced domiciliation wouldn't occur prior to the week beginning 31 July 2023. Mr A didn't need to take any action,
- 2 August 2023 – Freetrade messaged Mr A to confirm Polymetal were suspended from the LSE on 1 August 2023 and the delisting would become effective on 29 August 2023. Polymetal was offering an exchange for investors to;

‘transfer their positions to a certificate form. Freetrade is in the process of gathering all relevant information from the company and registrar for us to be able to facilitate the exchange offer for all underlying shareholders before the deadline. You do not need to take any action and we will be in touch as soon as we have a further update on the exchange offer.’
- 27 June 2024 – Freetrade informed Mr A it was currently unable to facilitate a transfer of the holding to AIX registrars. It was continuing to monitor the situation and would be in touch on receipt of further information.

Freetrade has told us it has tried to help its customer by communicating with Polymetal in order to arrange for share certificates to be produced. But in response the requirements were unclear and inconsistent. It provided us with a copy of a message it received from the Chief Operating Officer of AIX which said that ‘Only the account holder has access to the portal.’ And that it would not be issuing physical certificates at any stage.

Mr A has provided us with a copy of Polymetal; ‘Re-domiciliation Q&As’ which I understand was issued on 10 May 2023 and said;

‘1. The Company has completed LSE de-listing and the re-domiciliation to AIFC, Kazakhstan. What does this mean for me and my holdings which are held through a non-AIX nominees/custodians (for example, Investor Share Platforms)?

If holdings are held through brokers or custody agents (such as Investor Share Platforms) not registered with the Astana International Exchange, then the ability to continue holding positions in the Company is subject to the requirements of such brokers or custody agents.

Please contact your broker or custody agent for more information.

The Company is aware that certain non-AIX brokers/agents are able and willing to transfer holdings directly into shareholders' AIX brokerage, registrar or Tabys accounts.

If you are in any doubt as to the action you should take, you should immediately consult your stockbroker, bank manager, lawyer, accountant or other independent financial adviser.’ [original emphasis]

The document went on to give guidance and links about accessing the AIX and transferring the shares. And Mr A contacted the AIX registrar who said;

‘The first thing is for Freetrade to reach out to us to pass our KYC. Once done, we can start processing transfer requests.

To trade the shares, you will need to open an account with one of our brokers to which the securities will be transferred. List and contact details of AIX brokers below:

...'

Freetrade said it was unable to facilitate the transfer of his holding. But all Mr A wants to do is transfer the shares in order to sell them and he wouldn't be able to do that without action by Freetrade. And further, after contacting AIX again, Mr A was advised with regard to a potential transfer that;

'There are no costs involved. Freetrade only need to complete and return the attached spreadsheet.'

The spreadsheet was provided. Mr A also received additional information from Polymetal;

'Unfortunately we do not issue paper certificates, this is the process which should be facilitated with a broker and a register holder, but since AIX does not support paper certificates it is no longer possible I am afraid. The only option remained is to continue pushing your broker as refusing to transfer your shares is illegal. I also strongly recommend that you raise a complaint to the FCA to get some traction.'

The above tallies with the message Freetrade received from AIX that share certificates weren't being provided. But I can't see there's any reason why Freetrade can't transfer Mr A's shareholding to a broker or trader account which operates on AIX. I accept it doesn't offer trading on AIX but it's not been made clear why it can't transfer the shares.

In response to the complaint Freetrade has relied on section 20 of and conditions which say;

'20.7. Your Investments will be mixed (pooled) with Investments belonging to our other customers in accordance with the FCA rules. This means that:

20.7.1. it is not possible to separately identify your Investments from those of other customers, except through our internal books and records;

...'

But I also note under term 32.1.3. that to transfer an investment Freetrade says it would need instructions from Mr A so that it could then transfer his investment to his new account provider. So, Mr A should be able to transfer his holding, even if not in certificated form – to an AIX eligible broker or a nominee with a direct account with AIX if necessary.

Freetrade hasn't made clear why holding Mr A's shares in a pooled nominee would require Freetrade to register all its clients shares, some of whom wouldn't want this option. No doubt Freetrade transfers its customers shares in and out of its nominee all the time and I haven't been given a compelling reason why the same shouldn't apply to Polymetal.

I accept that Freetrade doesn't want to participate in trading on the AIX but by transferring the shares it wouldn't need to do so. Freetrade has said that due to the global sanctions Polymetal is subject to, it may require additional compliance checks from its end to ensure customers aren't exposed to additional risk. But by Freetrade transferring the shareholding, it would be acting on Mr A's instruction. The risk of the consequences of that would be Mr A's. Taking all the above into account, I uphold Mr A's complaint, and the matter needs to be put right.

Putting things right

Freetrade should transfer Mr A's Polymetal shareholding as soon as practicable upon Mr A's instruction. It might need Mr A's involvement in order for him to identify an AIX broker/nominee with a direct account with AIX for the transfer. But details of this were provided on Polymetal's Q&A document so the parties should be able to follow the guidance given. This will allow Mr A to then sell the shares.

And while I accept Freetrade has been trying to seek a solution I think Mr A has been inconvenienced. Again, even though the information to/from Freetrade/AIX may have been contradictory, but Mr A wasn't contacted by Freetrade for a year after being advised he didn't need to take any action and which resulted in his complaint. So, I agree with the investigator that £150 is a fair reflection of the inconvenience Mr A has been put to.

My final decision

For the reasons given, I uphold Mr A's complaint about Freetrade Limited, and it should put the matter right as outlined above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 26 September 2025.

Catherine Langley
Ombudsman