Financial Ombudsman Service

The complaint

Mr J is unhappy that there were problems with the allocation to him of “free shares” as advertised by Freetrade Limited (“Freetrade”) after he transferred funds to a Self-Invested Personal Pension (“SIPP”) and ISA account.

What happened

In 2024, Freetrade had a promotional offer that said customers who completed SIPP or ISA transfers to them would receive a certain amount of free shares in their accounts within 90 days. The amount of free shares was dependent on the value of the transfers.

Mr J transferred funds to a Freetrade SIPP amounting to around £251,000. He also transferred a similar amount to an ISA. Based on these transfers, he qualified for an award of free shares - including £1,800 for the SIPP transfer.

The free shares weren’t received within the advertised timescales i.e. by 1 May 2024. But Mr J received some free shares into his accounts on 2 May 2024.

However, the free shares Mr J received for the SIPP transfer were lower than Mr J expected – only £800. So Mr J contacted Freetrade. He was told that the records showed he’d only transferred £152,000 to the SIPP and that was why he’d received £800 of free shares not £1,800.

After further communications, Freetrade then acknowledged that there was a “data issue” and that Mr J did indeed transfer £251,000 to the SIPP and should have received the additional £1,000 in free shares.

This was corrected on 9 May 2024 with Mr J receiving the additional free shares.

Mr J complained to Freetrade about these events. Freetrade upheld the complaint. The complaint handler said *“I recognise that there were multiple failings in our service, such as delays and incorrect value awarded when awarding you with free shares as part of the Special Transfer Offer”.* Freetrade offered Mr J £100 by way of apology.

Mr J didn’t think the offer was fair. He also said that he’d suffered a consequential loss of £96.17 because he’d paid to purchase stock that cost more as a result of the delay than he’d have paid had he received the free shares on time. He also said he could have purchased 36 units of the stock rather than 35.

Freetrade subsequently offered Mr J £196.17 to settle the complaint. i.e. the previous £100 offer plus the amount for the consequential loss.

Mr J didn’t accept the offer. He said that it would be fair for Freetrade to pay him a total of £400.

Mr J didn't receive a reply from Freetrade despite him chasing on a number of occasions. So he referred the complaint to our service. He's told us that he was worried about the situation with his SIPP value and he's spent several hours explaining things with Freetrade.

One of our investigators looked at all the evidence and thought that it was fair for Freetrade to pay Mr J £250 for the distress and inconvenience caused to him as well as the £96.17 for the consequential loss.

Mr J accepted the investigator's view.

We've not had a substantive response to the investigator's view from Freetrade other than to say that there was no guarantee that Mr J could have purchased the same type of stock had the delays not occurred and it could therefore not calculate any market losses that Mr J may have suffered.

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.

There's no dispute that Freetrade made a number of errors. And, as I understand it, Freetrade agreed to pay £96.17 for the consequential loss that Mr J says he suffered. Freetrade hasn't said that this part of its offer is rescinded.

But in any event, if that part of the offer is now rescinded, I've seen no reason to doubt that Mr J did pay more for the stock than he otherwise would have done had the delays with the Freeshares not occurred. So I think it's fair and reasonable that he is reimbursed for this.

So the only other issue I need to decide is what amounts to fair compensation for the distress and inconvenience caused to Mr J overall.

I think:

- Mr J would have been concerned about his SIPP value whilst the issue of the free shares was being resolved. He was initially told that he'd transferred much less to the SIPP and so he would have been worried and confused about what had happened to the remaining funds.

- Mr J has had to spend time and effort to get the issue of the free shares corrected.

- Freetrade has, at times, not responded to Mr J during the complaint about the free shares.

Putting things right

For these reasons I agree with our investigator that Freetrade should pay Mr J £250 for the distress and inconvenience caused to him in addition to the £96.17 for the consequential loss that it previously agreed to pay.

My final decision

I uphold the complaint. Freetrade Limited should pay Mr J the amount 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 6 August 2025.

Abdul Hafez
Ombudsman