DRN-5468727

The complaint

Mr O complains Redmayne-Bentley LLP ('Redmayne-Bentley') didn't correctly carry out the his instructions to sell his shares and it charged him an undisclosed commission.

What happened

Mr O had an investment account with Redmayne-Bentley. On 28 October 2024 he called Redmayne-Bentley to arrange the sale of his shareholding in a particular company.

Mr O said he wanted to trade as much of his stock as he could '*over the next two days*'. He wanted a price over USD 7 per share. He mentioned that he had a large number of shares and asked how Redmayne-Bentley would structure the sale.

Redmayne-Bentley replied with the following:

> '*It is yeah, I mean, you probably saw the closing prices around 7.11 on Friday. The best thing to do really in this instance – it's not the most liquid share, but we just need to – you know, we can work the order in line with kind of the average sort of price of the day as long as it's above seven dollars, if you like. That's one way of doing it. If you gave us a limit of whatever you want – seven dollars, seven ten, whatever it may be – we can work the order at that price throughout the day and any – you know, as long as the share price is trading at or above that price then all the buyers would come to us to buy your shares from us. But you would need to give us a firm limit as such –*'

Mr O then said:

> '*Yeah, I'll go with seven dollars as the limit for now and see how we get on with that. And, yeah, let's where it goes today. And maybe as the day progresses you know I'll keep an eye on it and you know I can always give you a call if I need to change the strategy. But let's see where we can go with anything above seven dollars and see what we can get.*'

And Redmayne-Bentley said: '*Yep, OK, that's absolutely fine. I'll do that now. I'll keep you in touch with how we're getting on.*'

Later that day Redmayne-Bentley called Mr O and said it had sold all of his shares for USD 7 per share. Mr O asked if that was the average price for the day. Redmayne-Bentley said the following:

> '*It was, yeah. They sort of hung around a couple of cents above that for most of the day. We've been on the bid sort of selling the stock off – or on the offer, sorry, selling the stock off throughout the day.*'

Redmayne-Bentley said the price was hovering around USD 7.02 at that moment and there had been a '*steady stream of buyers coming in*'. Mr O said he was looking at the range of prices from the day. He mentioned a price of 7.15 and asked how the average could've been

USD 7 if the price had barely gone below USD 7 and had only dipped below USD 7 once during the day. Redmayne-Bentley said it would provide a breakdown of the sales.

Redmayne-Bentley sent Mr O a contract note. The noted showed the sale was done at 13:38 on an execution-only basis, as an off-exchange transaction.

Mr O complained to Redmayne-Bentley.

Redmayne-Bentley said it had to act in line with its best execution policy and therefore it had acted appropriately when it sold all of Mr O's shares at the market price subject to his lower limit of USD 7. It acknowledged it had wrongly given Mr O the impression it had sold his shares throughout the day when in fact it had sold them all within eight minutes of receiving his instruction. And it said it had wrongly failed to disclose a commission it charged. Redmayne-Bentley apologised and offered Mr O a payment of £1,000 in compensation.

Mr O wasn't satisfied. He referred his complaint to this service. He said he'd asked Redmayne-Bentley to sell his shares over two days, maximizing returns, with a minimum price of USD 7. He said that by selling his entire shareholding in the first eight minutes Redmayne-Bentley had denied him the opportunity to achieve a better price, which was what he'd been looking for. He was also unhappy about the commission charged and a lack of transparency around the way his shares were sold. He said he would've made different decisions if Redmayne-Bentley had been transparent.

One of our Investigators looked into Mr O's complaint. He didn't think Redmayne-Bentley had acted fairly. In summary he said the following:

- Redmayne-Bentley hadn't disclosed a commission it charged on Mr O's transaction and Mr O hadn't agreed to the commission. So Redmayne-Bentley should refund Mr O the amount of the commission with 8% simple interest.

- Selling Mr O's shares the way it did was in line with Redmayne-Bentley's best execution policy and the instruction to sell at a limit price of USD 7. However, before accepting Mr O's instruction Redmayne-Bentley should've told him how his shares would be sold if he went ahead with a limit order. If it had done that, Mr O would most likely have given a different instruction.

- If Redmayne-Bentley had properly explained things to Mr O when he called to give instructions, it's likely on balance that Mr O would've either set a higher limit price (because the shares were already trading at USD 7) or separated his order into tranches to be executed over the course of two days (because he'd expressed a wish to achieve the best price available over the course of two days and he said he might check in and adjust his instructions, depending on how things were going).

- If Mr O had given a different order it was likely he would've achieved a price of USD 7.10 for his shares. So to be fair Redmayne-Bentley should compensate Mr O for the USD 0.10 per share that it caused him to miss out on by failing to properly explain how it would manage his order.

- Redmayne-Bentley should also pay Mr O £500 for distress and inconvenience.

Mr O agreed with the investigator's view.

Redmayne-Bentley agreed with most of the investigator's conclusions and recommendations. But it didn't agree it should compensate Mr O for having missed out on selling his shares at a higher price over two days. In summary it said Mr O appeared to have

wanted Redmayne-Bentley to trade his shares at the average price for the day. But that wasn't possible because Redmayne-Bentley couldn't know at the time of the trade what the day's average was going to be. And Redmayne-Bentley had traded according to Mr O's instructions and its best execution policy. So it wasn't fair to ask Redmayne-Bentley to pay him for missing out on a higher share price. It added that Mr O would've had to call back multiple times if he wanted to sell in tranches – and as it was he didn't call back, despite saying he would review and possibly change his strategy.

Because no agreement could be reached, the complaint was passed to me to review afresh and make 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.

Having done so, I'm upholding the complaint, for essentially the same reasons given by the investigator on this complaint. I'll explain why.

The purpose of this decision is to set out my findings on what's fair and reasonable, and explain my reasons for reaching those findings, not to offer a point-by-point response to every submission made by the parties to the complaint. And so, while I've considered all the submissions by both parties, I've focussed here on the points I believe to be key to my decision on what's fair and reasonable in the circumstances.

Redmayne-Bentley has agreed to reimburse Mr O the undisclosed commission and pay 8% simple interest on that. And it's agreed to pay him £500 for distress and inconvenience. Mr O has also agreed to these things.

So I've focused my attention here on the elements of Mr O's complaint that are in dispute. That is, whether Redmayne-Bentley communicated fairly and reasonably with him about his order. And, if it didn't, what should've happened instead and what were the consequences of Redmayne-Bentley's actions for Mr O.

Redmayne-Bentley sold Mr O's entire shareholding for USD 7 per share via an agent. Doing so might have been consistent with Redmayne-Bentley's best execution policy for carrying out a limit order. But it wasn't consistent with the message it gave Mr O about how it would manage the sale of his shares – and it wasn't consistent with what Mr O was expecting based on what Redmayne-Bentley had said when he was giving instructions. And that means Redmayne-Bentley treated Mr O unfairly.

As well as follow its best execution policy, Redmayne-Bentley had to communicate fairly and reasonably with Mr O when he was explaining his order, to give him a fair and reasonable opportunity to make an informed decision about the instruction he would give. The investigator for this service has said Redmayne-Bentley ought reasonably to have explained things better to Mr O. And if it had've done that Mr O would've given a different instruction. Having looked carefully at all the evidence and arguments I've reached the same conclusion about that.

In short, I'm not satisfied Redmayne-Bentley responded fairly to Mr O when he said how he wanted his shares sold. I find that Redmayne-Bentley gave Mr O the impression it would sell his shares in tranches and it would achieve the average price for the day, providing the price was above USD 7. And so when Mr O agreed to go ahead, he didn't agree – or didn't intend to agree – that his sale would be treated as a strict limit order.

It's evident Mr O didn't intend simply to sell his shares for USD 7 without trying to achieve a better price. He wanted Redmayne-Bentley to try and achieve a better price by selling over a period of time.

Redmayne-Bentley said it could '*work the order in line with kind of the average sort of price of the day as long as it's above seven dollars*'. By saying this Redmayne-Bentley gave the impression it would seek and probably achieve prices above seven if the market moved above seven. I understand Redmayne-Bentley says there's no way it could've known in advance what the average price for the day would be. Nevertheless what Redmayne-Bentley said to Mr O gave the impression that Redmayne-Bentley could execute orders in line with an average that was above USD 7. Based on what Redmayne-Bentley said Mr O might reasonably have believed Redmayne-Bentley would sell his shares in tranches, in such a way that the price achieved overall resembled the average price for the day.

When Redmayne-Bentley then said Mr O had to provide a firm limit it didn't make clear to him that this would mean Redmayne-Bentley would treat the order as a strict limit order and it would sell all his shares for USD 7 if the opportunity arose, rather than '*work the order in line with the … average*' as it had described.

Mr O finished his instructions to Redmayne-Bentley by saying, '*let's see where we can go with anything above seven dollars and see what we can get.*' So I think Redmayne-Bentley should've known Mr O didn't mean to instruct Redmayne-Bentley to sell his shareholding for USD 7 as a straightforward limit order.

The way Redmayne-Bentley described having sold Mr O's shares afterwards further persuades me that Redmayne-Bentley knew or ought to have known that Mr O meant to give an instruction to sell his shares in tranches, trying to achieve the best price it could over time. When Mr O asked whether USD 7 had been the average price that afternoon Redmayne-Bentley said it had been and that Redmayne-Bentley had been '*on the bid … selling the stock off throughout the day*'. Given Redmayne-Bentley had actually sold Mr O's shares within eight minutes of receiving his instructions, I don't think Redmayne-Bentley would've described the sale the way it did if it hadn't thought – based on the previous phone call – that Mr O was expecting a different kind of service. I think Redmayne-Bentley was aware Mr O hadn't wanted to sell his shares under a strict limit order at USD 7. I think it knew that instead Mr O had been expecting Redmayne-Bentley to '*work the order*' over time in an effort to achieve the day's average price.

Redmayne-Bentley has said Mr O would've had to call back numerous times if he'd wanted to sell in tranches. That may well be the case, but it doesn't mean the fair and reasonable course was for Redmayne-Bentley to proceed with a strict limited order instead, without clear agreement from Mr O.

So taking everything into account I find Redmayne-Bentley misled Mr O about how it would trade his shares.

I'm also persuaded on balance that if Redmayne-Bentley had correctly explained how the limit order would work then Mr O would've given a different instruction. I've considered this point carefully, with regard to the comments from Redmayne-Bentley. But having done so I've reached the same conclusion as the investigator. That is, if Redmayne-Bentley had told Mr O how it would go about executing his trade as a limit order, Mr O would've set a higher limit and/or broken his order into multiple orders to try and achieve a better price. This is evident from the fact Mr O said he wanted to achieve not a price of USD 7 but a price above USD 7.

The investigator noted that the stock Mr O wanted to sell was already trading at USD 7 when Mr O gave his instruction. And he showed that the price of the shares over the two days closed at USD 7.10 on both days and travelled above that level at times. During its call with Mr O Redmayne-Bentley mentioned to him that the stock had closed at USD 7.11 on the preceding Friday. And it also mentioned the price of USD 7.10 (along with UDS 7) as a possible limit that Mr O might choose to set. In these circumstances I find that if Mr O had known how Redmayne-Bentley carry out a limit order – and in particular if he'd known it wouldn't sell his shares over a period of time to try and achieve the day's average – then he would've known he needed to set a higher limit if he wanted to achieve an average price that was above rather than at USD 7 using a limit order. And for the reasons I've mentioned here I find it's reasonable to say the limit Mr O would've set would've been USD 7.10. Given the price movement of the stock around that time I'm also satisfied on balance that Mr O would've achieved that price had he given that instruction. So to put things right for Mr O Redmayne-Bentley must pay him to money he missed out on as a result of selling his shares for USD 7 instead of USD 7.10.

Overall, I've found Redmayne-Bentley failed to treat Mr O fairly and reasonably in the circumstances of this complaint. It charged him a commission that hadn't been disclosed or agreed to, and it misled him about how it would carry out his instructions which caused him to set his limit at a lower price than he otherwise would've done and which in turn caused him to receive a lower amount for his shares than he would otherwise have received. These things to caused Mr O distress and inconvenience as well as a financial loss. Redmayne-Bentley's lack of transparency in particular – including what it said to him before and after the sale as well as its failure to disclose commission – caused Mr O significant upset in relation to a transaction that involved a significant amount of money. So I'm making an order for Redmayne-Bentley to put things right.

Putting things right

To put things right for Mr O I require Redmayne-Bentley LLP to do the following:

(1) Pay Mr O USD 3,643.16 to reimburse him for the undisclosed commission it charged him.

(2) Pay Mr O simple interest of 8% on the above amount at (1) from the date the shares were sold to the date Redmayne-Bentley LLP settles this complaint.

(3) Pay Mr O USD 0.10 per share in respect of the shares Redmayne-Bentley LLP sold for him via the sale that was the subject of this complaint.

(4) Pay Mr O £500 for the distress and inconvenience it caused him.

Redmayne-Bentley LLP may consider it needs to deduct income tax from the interest portion of this award. If it does, it should tell Mr O how much it's deducted and give him a tax deduction certificate if he asks for one. This will allow Mr O to reclaim the tax from HMRC if appropriate.

My final decision

For the reasons I've set out above, my final decision is that I uphold this complaint. Redmayne-Bentley LLP must take the actions and pay the amounts set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr O to accept or reject my decision before 3 October 2025.

Lucinda Puls
Ombudsman