

The complaint

Mr B has complained about the service he received from IG Trading and Investments Limited, trading as IG ('IG'). He says it cancelled and reversed dividend payments which he would like repaid to him. His accounts were closed by IG and he wants the transaction costs he incurred to be refunded. He would like IG to acknowledge its failures and apologise to him.

What happened

Mr B held accounts with IG including an ISA, share dealing and SIPP. He experienced repeated issues with dividends on three of his holdings – Petrobas, Somero and Sinopec – without satisfactory explanation. On 5 February 2024 Mr B's accounts were restricted to 'closing only' so he couldn't open any further positions. He says this had a detrimental effect on him.

Mr B raised his concerns with IG who responded on 27 March 2024. It said;

- It was dependent upon its custodian and so unable to process any dividends or cancellations without the custodian's confirmation. When the Petrobas dividend was cancelled the original credit needed to be taken from Mr B's ISA account. It referred to its terms and conditions and its agreement with Mr B.
- It had been confirmed to Mr B on 5 February 2024 that its custodian approved the final dividend payment of £130.33 for Petrobas from the initial £129.79 and the negative balance was covered so there was no need for any sale from his ISA. It provided a statement of the credits and debits on Mr B's account.
- For Somero, a dividend payment of £57 was credited to Mr B's share dealing account on 20 October 2023 by IG's custodian with 30% withholding tax. It was then found that 15% withholding tax should have been applied and the payment was replaced by £68. The action was outside of IG's control.
- IG restricted Mr B's account because his behaviour and the statements he made suggested he was vulnerable. The regulator had issued guidance to firms and IG had a policy in place so accounts could be restricted to stop customers being exposed to further harm.

Dissatisfied with the outcome Mr B brought his complaint to the Financial Ombudsman Service. Our investigator who considered the complaint thought that IG needed to do more. She said;

- For Petrobas it was clear there were several reversals and reinstatements of a dividend in January/February 2024 and because of this Mr B had been informed his ISA had gone into a negative balance and would need to sell stock to clear the debit. Petrobas had confirmed to Mr B the dividend hadn't been cancelled but the investigator couldn't see IG intended to deprive him of the dividend payment or mislead him. The issue had been resolved, Mr B hadn't needed to sell any stock so there was no financial loss, but she recognised Mr B had been distressed by this.

- A dividend paid by Sinopec was reversed because the American Depository Receipt program was stopped in December 2022 and no dividends for 2023 were payable. From the information available the investigator thought it was fair that Mr B couldn't keep the dividend payment of 7 July 2023 but had concerns about why it was paid in the first place and could only assume it was an administrative error by IG's custodian. But she didn't think it was fair of IG to reverse the dividend payment without notifying Mr B when his worry and frustration was clear. IG's communications could have been better.
- A dividend from Somero was paid to Mr B in October 2023 which was debited in November and a new dividend payment was made using a less favourable FX rate. This was because IG's custodian had also used an incorrect withholding tax rate and offered to pay Mr B £1 to correct the 0.94 pence difference which the investigator thought was fair and should be paid to Mr B.
- The investigator was unable to agree that IG hadn't addressed Mr B's complaint points about the closure of his SIPP and the dividend payment for Somero, nor in not providing Mr B with complaint reference numbers – not all businesses used them.
- The investigator didn't think IG had acted incorrectly or abusively by closing his accounts. Mr B had said the stress caused has impacted his mental health so IG had acted promptly and fairly to restrict the accounts in his best interests and in accordance with its vulnerability policy. Mr B was still able to access his accounts and the records but couldn't open new positions.
- To put the matter right, IG needed to pay the difference for the FX rates if it hadn't already done so, provide Mr B with copies of his account ledgers and retention policy and pay Mr B £250 for the distress and inconvenience caused to him.

IG accepted the investigator's assessment.

Mr B didn't agree. Regarding Sinopec Mr B believed he was entitled to the dividend and wasn't given notice of the corporate action and subsequent liquidation of the holding. Mr B was disappointed IG wasn't providing all the information, he said he had received poor service and he thought IG was getting off lightly, his accounts weren't locked for his own wellbeing and he couldn't access his records for his SIPP.

Our investigator wasn't able to recommend that the Sinopec dividend be paid to Mr B. Mr B wanted the complaint to be reviewed by an ombudsman, so it has been passed to me for 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.

After doing so, in the main I have reached the same conclusions as the investigator and broadly for the same reasons, but after correspondence with IG about the Sinopec dividend it has now offered to put the matter right which I detail below.

Sinopec

On 7 July 2023 £493.09 was credited to Mr B's SIPP account being the dividend on his Sinopec holding. This was then reversed on 8 August 2023 and on 8 September 2023 IG confirmed to Mr B the dividend had been deleted by its custodian as the dividend announcement was cancelled by the depository.

I've seen a copy of the 'NOTICE OF DIVIDEND CANCELLATION NOTICE' from IG's custodian dated 21 June 2023 confirming that the dividend with the record date of 13 June 2023 was cancelled. Dividends from Sinopec were handled by a third party which was the Depository Bank for the American Depositary Receipt ('ADR') and American Depositary Share ('ADS') program. Mr B doesn't believe this to be correct and says that he is owed the dividend.

Mr B told us he held the Sinopec shares since 26 August 2022 and satisfactorily received the dividend paid out by Sinopec on 8 September 2022. Sinopec then paid a further dividend on 30 June 2023 (record date of 1 June 2023) and it was this dividend that was cancelled by the depository.

I looked into this further and saw Sinopec voluntarily delisted from the NYSE effective from 6 September 2022 after which holders of ADS could no longer trade them on the NYSE. On 5 December 2022 the ADR and ADS program was terminated, the effective date for which was 13 March 2023.

After that date I understand holders of ADS could surrender their holdings in exchange for Sinopec 'H' shares until around March 2024 on the basis of 100 'H' shares for each ADS. If the ADS weren't surrendered the equivalent of underlying 'H' shares would be sold and proceeds paid to ADS holders. Mr B's Sinopec shares were redeemed by IG on 29 June 2023 during the wind down stage and I can see the credit of £12,109.13 on his SIPP account ledger.

I asked IG for more information about the dividend. I accepted IG's custodian told it no June 2023 dividend was due because of the cancellation of the ADS in March 2023, but it wasn't clear to me why a dividend was paid and then cancelled seven months later. Irrelevant of the ADS holding/NYSE de-listing Mr B clearly still held his Sinopec investment during this time and a dividend was paid to Mr B but then cancelled. I had sympathy with Mr B about this and his conclusion that he is still entitled to the dividend. IG responded in some detail and it agreed to pay the Sinopec dividend.

To try to resolve the complaint I wrote to Mr B and explained I agreed with the investigator's assessment of the complaint but that I had been in correspondence with IG and it had now agreed to offer the payment of the Sinopec dividend. I said;

'Sinopec voluntarily delisted from the NYSE with effect from 6 September 2022 and the American Depositary Share ('ADS') program was terminated by [...] – IG's custodian – on 5 December 2022 with an effective termination date of 13 March 2023. After that date, you – as an ADS holder – were afforded a window to surrender your ADS in exchange for underlying Sinopec 'H' shares at a ratio of 100 'H' shares per ADS. If the ADS weren't surrendered by the deadline the depository was entitled to the underlying 'H' shares and pay the net proceeds to the ADS holder.

Your holding of 250 Sinopec ADS was liquidated by [the custodian] on 29 June 2023 as part of that process and the net proceeds of \$15,403.86 (£12,109.13 converted at 0.7861) were credited to your account. IG has explained this wasn't a discretionary sale but driven by [the custodian] upon termination of the ADS program.

Sinopec declared a dividend on its H shares with an ordinary record date of 13 June 2023 and an ex-dividend date of 12 June 2023 payable on 30 June 2023. [The custodian] processed the dividend in respect of ADS holders but then issued a Dividend Cancellation Notice confirming the 'program was terminated on December 05, 2022.'

However, the dividend wasn't cancelled by Sinopec, but [the custodian] had determined ADS holders were no longer entitled to receive any dividends through the ADS program as it had been terminated. The net dividend rate per ADS was \$2.5303890 which for your 250 ADS equalled \$632.60 (approximately £493).

IG has acknowledged the situation regarding the dividends wasn't straightforward as the underlying 'H' shares were sold on 29 June 2023 after the ex-dividend date of 12 June 2023 which meant the proceeds should have reflected the ex-dividend share price. The dividend itself was cancelled for ADS holders by [the custodian] on the basis that the program had been terminated but IG has told us it hasn't been able to confirm that the dividend value was separately captured within the liquidation proceeds paid by [the custodian].

IG said that you made contact on 30 March 2023 after the ADS program termination date of 13 March 2023 raising five specific questions including whether you would continue to receive dividends and whether your ADS could be converted to the underlying 'H' shares traded in Hong Kong or Shanghai. IG told us it found an internal response but unable to find any communication with you about the ADS program termination, the conversion options available to you or the eventual liquidation of your holding. IG accepts this is a shortcoming in its handling of your query and the broader corporate action.

In light of this and in particular the communication shortcomings, IG acknowledges you have been disadvantaged. While it says the ADS program termination and [the custodian's] dividend cancellation were events outside of its control IG accepts it didn't adequately communicate with you about the developments or options available to you, and that the dividend value may not have been captured in the liquidation proceeds.

To put the matter right IG proposes to pay you an equivalent of the net dividend amount of \$632.60 (approximately £493 at the prevailing exchange rate at the time of the original dividend date) in full and final settlement of this aspect of your complaint. IG is of the opinion that this fairly reflects the dividend entitlement you would have received had the ADS program remained active, net of the applicable withholding tax and depositary fees, as set out in [the custodian's] dividend notice...'

Mr B didn't agree. As part of my email to him I had referenced his email to this service of 7 April 2025 which he said was poor and misrepresented what he had said a year ago. IG hadn't paid the dividend and hadn't been willing to do so until my interaction. He had requested a full investigation into his complaint and wanted a formal final decision.

He said IG's defective IT system allowed his ISA to go into the red, operational failures led to random dividend payments and cancellations, incorrect FX rates, mishandling of his complaints which were not tracked or ignored and selective disclosure of records. He wanted interest to be applied to the £250 for the distress and inconvenience caused and the Sinopec dividend.

I think IG's offer to repay Mr B an amount equivalent to the Sinopec dividend is fair and reasonable. It will put him in the financial position he would have been in in July 2023 if the dividend hadn't been cancelled. I also agree with Mr B that it would be fair and reasonable for interest at a rate of 8% simple should be added to the sum as Mr B has been deprived of the money in the meantime. IG has agreed with this.

Somero

On 20 October 2023 £57.35 was credited to Mr B's share dealing account being a dividend on his holding of Somero. This was reversed on 7 November 2023 as a withholding tax of 30% had been applied at an exchange rate of 0.819283. Mr B's account was then recredited with £68.70 on 7 November 2023 when the correct rate of 15% withholding tax was applied at an exchange rate of 0.808338.

Due to the exchange rate and the rebooking of Mr B's dividend he had been paid 0.94 pence less than if IG had used the same exchange rate on the day the dividend was initially paid. It said it would credit Mr B's account with £1 to put the matter right.

IG has said the reversal and recredit was caused by its custodian and while I accept what IG has said, ultimately it is responsible in its relationship with Mr B and the service it provides. And I appreciate this must have been confusing for Mr B and been very frustrating bearing in mind the dividend issue already experienced with the holding of Sinopec. However, with the exception of trouble and upset caused to Mr B IG has offered to put the matter right by crediting him with £1.

Petrobas

On 3 January 2024 £129.79 was credited to Mr B's ISA account being a dividend payment on his holding of Petrobas. The payment of £129.79 was reversed on 5 February 2024. As a result of the reversal Mr B was then emailed to inform him that his ISA account had a negative balance which needed putting right and as Mr B had utilised his maximum ISA allowance it would sell stock to clear the position.

Mr B raised his concerns with IG who confirmed its custodian had cancelled the dividend, but it was then approved on 5 February 2024 and £130.44 had been credited to Mr B's account (when a different exchange rate was used). This meant there was no longer a negative position on his account so there was no need to sell any shares. It apologised for the distress caused.

I appreciate the debits and credits on Mr B's account must have been confusing and no doubt would have been distressing for him to see and then try to resolve. And Mr B had to go to the trouble of contacting Petrobas directly in February 2024 to clarify whether it had cancelled the January 2024 dividend payment.

Mr B's ISA account went into a negative balance through no fault of his own. IG hasn't been able to identify why its custodian acted as it did which I recognise isn't satisfactory. I understand Mr B's considerable frustration, but overall, I can't see that Mr B has suffered any financial loss because of the credits/debits.

Account closure

On 2 February 2024, after the credit and reversal of the dividend on Mr B's holding of Petrobas he emailed IG to complain. He concluded by saying;

'Last but not least, I am boiling and my mental health is suffering; I was on a client call when I received this email and it immediately affected my performance with my client. I am herewith raising a formal complain[t] for abusive customer account handling and coercive behaviour by IG...'

Because of Mr B's comments IG informed him on 5 February 2024 it was restricting his accounts to 'closing only' status which meant he could only close or maintain his existing positions but was no longer able to open new positions. Mr B has said this was done abusively and included loss of access to document records. Mr B says the root cause of his

stress was the operational failures and poor service provided by IG and it was twisting the application of the regulations. Mr B said he was an experienced investor and IG hadn't acted in good faith. There had been no notification of closure and no refund of transaction fees upon the closure of his accounts.

IG has told us that as an execution only broker it relies on its customers to manage their own accounts independently which can limit its ability to proactively identify areas or behaviours of concerns. It relies on its frontline staff and the comments made by Mr B were escalated internally for further investigation where it was concluded suspending his account was the appropriate course of action. This is in line with its Terms of the Share Dealing Customer Agreement and adhered to its vulnerability policy.

I don't find IG's actions to be unreasonable. IG has a regulatory obligation to monitor for vulnerable behaviours and must deliver good outcomes for all customers with a focus on vulnerable circumstances. I appreciate Mr B's comments that the stress he was experiencing stemmed from the errors and poor service he felt he was receiving from IG, but his email of 2 February 2024 shows that he had identified his mental health was suffering and to such an extent that it was impacting on his work.

Mr B has said IG's actions on his account weren't for his own well-being but to stop him exposing IG's deficiencies. Clearly, IG should have been more proactive in informing Mr B of any cancellations or reversals of dividend payments in a timely manner with reasons why and in the absence of that Mr B had to make considerable efforts in seeking information from IG and elsewhere to find out what had happened.

But it is for a business to assess how much risk it is willing to take, and which would include an assessment of the potential vulnerability of its customers. IG wasn't prepared to take such a risk by allowing Mr B to continue with his accounts because of his self-declared issues with his mental health. While I can't tell a firm how it should run its business, I can assess whether it treated Mr B fairly when it placed his accounts in close only. But considering what I have said above, I don't think IG did treat Mr B unfairly or unreasonably. While Mr B has told us he was experienced in finance and had professional experience its clear his dealings with IG were stressful for him which he said impacted on his mental health and ability to work which flagged to IG it needed to reconsider his resilience and potential vulnerability.

It follows that I don't think IG has done anything wrong in restricting Mr B's account and I don't find that it needs to repay any resulting transaction costs to Mr B.

Complaint handling

Mr B raised a complaint with IG about the negative position on his ISA account the same day he was informed of this by IG on 2 February 2024. It responded to him on 5 February 2024 confirming the Petrobas dividend had now been approved so the issue was resolved but if Mr B wanted to make a complaint it could be forwarded to the compliance team. Mr B responded on the same day to say that IG's threat to liquidate assets in his ISA was the subject of his first complaint.

He said his second complaint was about IG's abusive behaviour in moving his account to 'close only' and lack of duty of care in resolution to the first complaint. He requested a refund of all trading fees/charges associated with the transactions needed to close his account. He raised a third complaint about IG's breach of fiduciary duty on his SIPP account, the closure of his SIPP account and breach of contract. He wanted unique claim references for each complaint. Mr B contacted IG again on 8 February 2024 as he hadn't received acknowledgement of his two new complaints.

Previously Mr B had been in contact with IG on 8 November 2023 about the Somero dividend paid on 20 October 2023 which was cancelled two weeks later. He said IG was wasting his time because of the changes and inaccurate statements. Mr B chased and IG responded on 16 November 2023 seeking more clarification. Mr B replied on the same day asking for an explanation and referred to IG's compliance breaches and the lack of communication. IG confirmed on 21 November 2023 the dividend had been reversed because of the incorrect withholding tax rate.

Mr B contacted IG again on 11 March 2024 and said IG's answer of 21 November 2023 didn't address his original query about Somero – the amounts, the cancellation and the FX rate. He raised this as a fourth complaint and asked for the payment to be corrected and compensation that the 'repeated situations have on my precious time and, mental health' and misleading replies.

Further to a phone call from IG Mr B was emailed on 8 December 2023 with more detail about the withholding tax rate applied to the Somero holding and that he had been underpaid by 0.94 pence which was to be corrected with a credit of £1 to his account.

Mr B complained on 8 April 2024 about the closure of his SIPP account and account records maintenance which he said wasn't addressed by IG as it only referred to the suspension of his account and not the actual subsequent closure and the resulting loss of records.

Looking at IG's response of 27 March 2024 to Mr B's complaints I can see that it responded to his complaint about the Petrobas dividend, the incorrect withholding tax applied to the Somera dividend payment – its reversal and repayment – and the account restriction. No reference was made to Sinopec as IG said this wasn't raised in Mr B's original complaint.

But I can see from Mr B's email to IG of 8 April 2024 he concluded that further to IG's final response to his complaint the issue about Sinopec was still outstanding. And I can see from emails that Mr B was first in touch with IG about this in September 2023 and IG confirmed to him on 8 September 2023 that the dividend had been cancelled by the depository, but it was liaising with its corporate actions team to provide him with further evidence. A link was supplied for Mr B to make a complaint. Mr B had to chase again on 15 September, 2 and 19 October 2023 and IG confirmed on 20 October that the dividend had been cancelled and reversed. On 8 December 2023 I can that IG said it was still looking into his query about Sinopec and would get back in touch with him to discuss the matter further but I haven't been provided with any evidence of what further action was taken.

While IG may not have responded to Mr B's complaint points as quickly or in the manner he would have liked I'm satisfied it didn't treat him unfairly. I'm satisfied it did address Mr B's complaints. While the Sinopec dividend issue wasn't addressed in IG's final response to the complaint points raised, but from the information presented to me I can't see they were included in the four complaint points raised in February/March 2024. But it's clear Mr B had been in correspondence with IG about the missing dividend. However, IG has now addressed the issue and is willing to pay the dividend and I can't see there was any underhand intention by IG not having addressed this sooner. And with regard to Mr B being able to access the records for his account, I've directed IG to provide those records and its retention policy.

It's evident there were failings IG in its relationship with Mr B. And it's equally evident that Mr B was continually frustrated with the problems he experienced with the dividend payments. But it isn't the role of this Service to fine or punish businesses, that is the role of the regulator. The role of this Service is to resolve disputes between consumers and

financial firms quickly and with minimum formality based on the complaint's own merits and the overall particular circumstances.

And when we uphold a complaint, like I am doing here, the aim is to put the customer back in the financial position they would otherwise have been in but for the business' errors. And that is what I have sought to do. Overall, I appreciate Mr B's considerable frustration in his dealings with IG, particularly with reference to the dividend credits and reversals without being given any reasons and him having to ask and chase for the information he needed. And I realise Mr B will remain unhappy about the closure of his accounts, but I don't find IG treated him unfairly by doing so. But other than that, I uphold Mr B's complaint and to put the matter right, IG needs to do more than it originally offered.

Putting things right

To put the matter right IG needs to;

- Pay the difference in FX rate if it hasn't done so.
- Provide Mr B with copies of his account statements and retention policies so that he can access historical information on his accounts.
- Pay Mr B £250 for the distress and inconvenience caused.
- Pay Mr B the Sinopec dividend of \$632.60 at the prevailing exchange rate at the time of the original dividend date and add to that sum interest at a rate of 8% simple from the date of payment (7 July 2023) to the date of payment.

Mr B asked for interest to be added to the distress and inconvenience payment from when the first formal complaint was raised. But this service only adds interest to reflect a customer being out of pocket of the capital sum. Mr B hasn't been deprived of the distress and inconvenience payment, so I won't award interest to the amount.

My final decision

For the reasons given, I uphold Mr B's complaint about IG Trading and Investments Limited, trading as IG ('IG') and the matter should be put right as outlined above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 10 April 2026.

Catherine Langley
Ombudsman