

The complaint

Mr M complains Seven Investment Management LLP (“7IM”) sold shares in his portfolio without his knowledge or consent.

What happened

Mr M held a portfolio of investments hosted on 7IM’s platform. Held within his portfolio was a shareholding in the US based company Mr M worked for that I’ll refer to as “H”. Mr M had appointed a firm of financial advisors to manage his portfolio, and I’ll refer to these advisors as “S” throughout my decision.

In January 2023, 7IM realised that as H was listed in the US, it would need Mr M to complete the forms necessary to benefit from the relevant tax treaty. The firm emailed Mr M’s advisor at S explaining how to complete the forms, giving a deadline for completion of April 2023. The email warned that if Mr M didn’t complete the forms, he’d no longer be able to hold US securities in his account.

7IM received no response from Mr M’s advisor. It chased him up in February 2023 and March 2023 without success. In April 2023, days before the expiry of the deadline, 7IM emailed a generic inbox at S, explaining it’d been struggling to reach Mr M’s advisor and warning of the impending deadline. Again, it received no response. 7IM’s deadline came and went, but it didn’t immediately force the sale of Mr M’s shares. It wrote to the same inbox at S one more time in June 2023. In September 2023, with no reply from S to any of the five emails it’d sent, 7IM sold Mr M’s H shares.

In November 2024, Mr M contacted S and gave it an instruction to sell his shares in H. After some back and forth, he came to learn the shares had in fact been sold more than a year earlier. Dissatisfied, he raised the matter as a complaint with 7IM.

7IM rejected Mr M’s complaint. It felt that by reaching out to his advisors at S, it’d done enough to meet its obligations to him. It acknowledged however that it would’ve been courteous to include Mr M in the emails it was sending to his advisor, and offered him a gift hamper by way of an apology. 7IM was satisfied that its terms and conditions allowed it to take the action it’d taken.

As Mr M was unhappy with 7IM’s response, he referred the matter to our service. Our investigator didn’t uphold Mr M’s complaint. Mr M appealed our investigator’s findings, so the matter was been referred to me for a decision.

I provisionally decided to uphold Mr M’s complaint. My findings were as follows:
“At the outset, I acknowledge that Mr M’s relationship with 7IM, is advisor-led. That is to say, the service 7IM offers to Mr M is intended to be provided via a financial advisor like S, making direct interactions with Mr M relatively uncommon. Nonetheless, 7IM still had a number of obligations to Mr M when providing him with its services.

PRIN 2.1.1 R required that 7IM:

*“...must conduct its business with due skill, care and diligence...
...must pay due regard to the interests of its customers and treat them fairly...
...must pay due regard to the information needs of its clients, and communicate
information to them in a way which is clear, fair and not misleading”.*

These obligations are further bolstered by COBS 2.1.1 R which required that 7IM:

*“...must act honestly, fairly and professionally in accordance with the best interests of
its client”.*

*With the above in mind, I've proceeded to consider the events of Mr M's complaint from
7IM's perspective. And having done so, I'm not persuaded the firm's treated Mr M fairly.*

*I think the nature of the information 7IM was sharing with S could reasonably be considered
to be urgent in nature. Because failure to comply with 7IM's email would result in Mr M's
shares in H being disposed of, for whatever they'd fetch on the day. In addition to this, 7IM
could reasonably have assumed the forced sale of Mr M's assets wasn't likely to be in his
best interests. The nature of its relationship with Mr M suggests he typically made financial
decisions with the assistance of an advisor. So unilaterally selling his assets at a time and
date of 7IM's choosing would run counter to this.*

*I would expect 7IM to have kept this in mind when it reached out to S asking for Mr M to fill
out the necessary paperwork. But I'm not persuaded it's done so. 7IM sent five unanswered
emails to S. I've made enquiries, and learnt there's no evidence to suggest S was active on
Mr M's account across the period these emails were being sent. I accept that none of the
emails in question were returned, but in these circumstances, mindful that it's required to act
with care and diligence, I'm not persuaded 7IM could've reasonably assumed S' silence was
most likely to be a deliberate act on its part. In my opinion, 7IM should have kept Mr M's best
interest in mind and considered the risk that Mr M's information needs hadn't been met.*

*In these circumstances, I'm satisfied it was unfair, and not at all in keeping with Mr M's best
interests, for 7IM to have proceeded with the sale of his H shares. Having had no success
obtaining a response from his advisor, it's my view that it would've been fair for 7IM to make
an exception to its preferred process and reach out to Mr M directly. This could've been as
simple as copying him into emails sent to his advisor. And I note that in setting out its final
response to Mr M's complaint, the firm has seemingly acknowledged this. It's said:*

*“Whilst we have not upheld your complaint regarding sales placed as this was
following due process, we do however appreciate, that as matter of courtesy, 7IM
could have also contacted yourself or copied you into correspondence to advise that
we were awaiting this information from your Financial Adviser. We sincerely
apologise for this...”.*

*Based on what we now know, I'm persuaded that if 7IM had drawn Mr M's attention to the
missing paperwork and the consequences of not completing it, he'd likely have returned the
documents very quickly indeed. This would've completely averted the need to dispose of Mr
M's assets in accordance with 7IM's terms and conditions, and avoided the loss he's
ultimately sustained here.*

*I'm satisfied that in these circumstances, it's fair and reasonable of me to direct 7IM to set
matters right.*

Putting things right

My broad aim when redressing a complaint, is to return the complainant to the position they'd likely be in were it not for errors on the part of the respondent.

Here, I'm satisfied that for the reasons given above, 7IM acted unfairly when it sold Mr M's H shares on 7 September 2023, achieving £12,649.52 less fees in the process. Mr M has provided evidence showing he contacted S with a view to selling his H shares on 25 November 2024. On that date he questioned S on the value of his holdings, what the book cost of that investment was, and what he'd stand to make from selling the investments net of any tax. It was in the exchange that followed this email that he first learnt his shares had been sold.

I think it's more likely than not that had his shareholding in H remained intact as I'm satisfied it should've done, Mr M is likely to have elected to sell his shares in the days following this exchange, once S had answered his questions. But I cannot know for certain on what day or at what time exactly this would've happened.

So to return Mr M to the position he'd likely be in, but for 7IM's failure to treat him fairly, I will firstly require the firm to carry out the following calculations:

- 1. Calculate the average price of H's shares across the period beginning on 25 November 2024 to 2 December 2024. This period is representative of the week in which I think it's likely Mr M would have sold his shares.*
- 2. Using this average price, calculate the total value which would've been achieved for Mr M's 632 H shares had they been disposed of at this price per share, inclusive of any applicable dealing fees. I'll refer to the resulting value as X.*
- 3. Calculate the difference between X and the price that was achieved for Mr M's shares inclusive of any applicable dealing fees when they were sold on 7 September 2023. I'll refer to the resulting figure as Y.*

As I see it, figure Y is representative of the gross amount Mr M lost out on as a result of 7IM's mistakes in this case. But I think it's important to note he may not have ultimately been able to keep all of this money for himself. In his email to S on 25 November 2024, Mr M acknowledges he's expecting to pay tax when his H shares are sold. And in my opinion it's fair and reasonable for me to make an allowance for this when requiring 7IM to redress his complaint.

So, subject to Mr M providing 7IM with evidence of his tax position for the relevant period, I intend to require the firm to calculate the net amount which could've been retained from the sale of his H shares had they been sold between 25 November 2024 and 2 December 2024. And I'll refer to this figure, the figure that's ultimately due to Mr M, as figure Z.

I consider that Mr M has been deprived of figure Z since roughly 2 December 2024. To address this, I shall require 7IM to calculate and pay simple interest at 8% per annum on top of figure Z. This interest is to be calculated from the 2 December 2024 up until the date of settlement.

Finally, I consider that 7IM has both distressed and inconvenienced Mr M by selling his shares unexpectedly and without considering his best interests. To address this, I'm satisfied it's fair and reasonable to require the firm to pay him the sum of £250.

In coming to my decision on what I consider is fair and reasonable in all of the circumstances of this complaint, I've considered S' role in the dispute. S is a regulated firm that can be held to the same standards as 7IM where acting with due skill, care, and diligence is concerned. And I consider that S has probably failed in this regard, by not updating 7IM with new contact details for Mr M's advisor when his old one departed, and by hosting an inbox which gave

correspondents no warning it wasn't being actively monitored. I have thought carefully about whether S should fairly be expected to share responsibility for redressing Mr M's financial losses.

Ultimately I have concluded that it is fair and reasonable to hold 7IM responsible for the entire loss in this case. I say this because, significantly I think, the events of this complaint were driven by the actions 7IM was taking. It decided it needed the form. It failed to consider Mr M's best interests when S didn't answer its emails. And it eventually made the decision, quite some time after its self-imposed deadline to sell his shares without first consulting with Mr M. S hasn't helped matters. But it was 7IM's actions which directly caused the loss of Mr M's shares. In these circumstances, I find it reasonable to conclude that 7IM can be held responsible for all of Mr M's financial losses".

Mr M accepted my decision. 7IM did not.

In summary, the firm has made the following arguments:

- 7IM only offered services to clients who'd appointed advisors, and the firm had acted reasonably by expecting S to convey its requests to Mr M.
- S bore some responsibility for what'd happened here. It'd acted carelessly by not monitoring its inboxes and deactivating the email addresses of departed employees.
- The firm felt its actions were entirely supported by the terms and conditions applicable to its contract for services with Mr M.
- 7IM considered that in selling Mr M's H shares, it was acting in his best interests. The firm felt it was safeguarding him from the tax complications which could've arisen in the absence of the relevant paperwork.

With that being said, 7IM explained it was prepared to accept some but not all responsibility for the loss of Mr M's shares. And was prepared therefore to pay a portion of the redress I'd outlined in my provisional decision.

I've returned to the findings I reached in my provisional decision mindful of the comments I received from 7IM.

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 not persuaded to depart from the findings I reached in my provisional decision. I addressed the matter of who I felt was at fault for the loss of Mr M's H shares in my provisional decision. And I'm satisfied that, principally, that loss is attributable to 7IM. I say this because:

- Even though it intended to provide services through Mr M's advisor, 7IM still had an obligation to consider Mr M's best interests and meet his information needs.
- The message 7IM needed Mr M's response to was urgent in nature. The firm can't reasonably have considered that selling his shares in this context was likely to be in his best interests.
- Given the particular circumstances of this case, I'm not persuaded 7IM could've been confident its messages were reaching Mr M, their intended recipient.
- In those circumstances, and in spite of what its terms said, I'm satisfied 7IM could not

have fairly proceeded to sell Mr M's H shares without first contacting him directly.

- S has also likely failed Mr M. But 7IM began this process, and has wielded its discretion when setting deadlines, following up, and ultimately selling Mr M's shares. S's failure to act may have contributed to circumstances where a loss could occur, but it was 7IM's actions which caused the loss to take place.
- This is not a case where avoiding the loss would've required a vast or costly deviation from 7IM's usual processes. I think merely including Mr M in one of the numerous emails 7IM sent would've triggered the return of the paperwork that would've completely avoided the need to sell his H shares.

So for all of the reasons given above, in conjunction with the reasons given in my provisional decision, I'm satisfied it's fair and reasonable to uphold this complaint in full against 7IM.

I shall now require the firm to calculate and pay redress to Mr M in accordance with the methodology set out in my provisional decision.

My final decision

My final decision is that I uphold Mr M's complaint about Seven Investment Management LLP. I now require that the firm calculates and pays redress to Mr M as described above in the section titled "Putting things right". I also require that the firm provides evidence of its calculations in a clear and simple format for Mr M.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 24 October 2025.

Marcus Moore
Ombudsman