

The complaint

Mrs C, Miss C and Mrs G as trustees ('the trustees') of Mr & Mrs E K C's Trust for Grandchildren ('the trust') complain about the service they received from Charles Stanley & Co Ltd ('Charles Stanley') when they requested a transfer of assets from the trust.

The trustees used a representative to make their complaint. But for simplicity in this decision I've referred to the trustees as having submitted the complaint themselves. Charles Stanley is a part of Raymond James Wealth Management Limited, but was trading as Charles Stanley at the time of the events that are the subject of this complaint. So I've referred to the business simply as Charles Stanley here.

What happened

In April 2020 one of the trust's trustees asked Charles Stanley if it was possible to transfer a parcel of shares in specie to an account held with a different broker in the name of one of the trust's beneficiaries. Charles Stanley said it could do the transfer, but noted that the receiving business might not accept the transfer because the names on the originating and receiving accounts wouldn't be the same. Charles Stanley suggested the trustee get a pen and paper and take a note of what Charles Stanley would require in a written instruction to transfer the shares.

Charles Stanley also said that because the post was affected by covid measures it would be useful if the beneficiary could speak to the receiving business and get an email address for an individual there. It said the transfer could '*go down the old paper-based route*' but that would take longer. And Charles Stanley thought that making the receiving business aware the transfer would be requested might help prevent the receiving business from rejecting it. Charles Stanley also offered to talk to the beneficiary about what he could do to help the transfer, if the trustees provided the beneficiary's contact details.

Charles Stanley said another option to achieve the transfer would be to withdraw the investments into paper form by having the shares certificated, although it said that would've been more expensive and would take longer, especially given the covid measures that were in place at the time. While Charles Stanley was explaining this the trustee interjected and said it would make the process too complicated. He said selling and rebuying would be less work. Charles Stanley agreed that was also an option, but added that selling the shares would incur significant dealing fees whereas a transfer in specie would cost only £10. The trustee said he was aware of that. The trustee mentioned that on a previous occasion they'd simply sold a parcel of shares and given the proceeds to the beneficiary. But the current beneficiary wanted to receive shares rather than cash.

On 14 April 2020 the trustee called Charles Stanley again. He said after having '*had time to sleep on it*' the trustees wanted to go ahead with the transfer in specie. The trustees submitted a written instruction for the transfer.

On 1 May 2020 Charles Stanley called one of the trustees. It said it had the instruction to transfer the investments in specie, but the receiving business was resisting any transfer where the shareholder's name didn't match the name on the receiving account. It asked

whether the beneficiary had spoken to the receiving business. The trustee said he thought he had. Charles Stanley asked the trustee to have the beneficiary call Charles Stanley to discuss. It provided a direct line for the beneficiary to call.

On 7 May 2020 the beneficiary called Charles Stanley. Charles Stanley said the receiving business had rejected the transfer. It said the beneficiary could speak to the receiving business and tell it to expect the transfer request. But the receiving business might still not accept it. Charles Stanley said it might be worth trying to get agreement and getting a name and email address for an individual at the receiving business.

Charles Stanley said that if the receiving business wouldn't accept a transfer in specie, the shares could be certificated, which was a longer process, particularly during covid measures because it involved *'bits of paper flying backwards and forwards'*. And Charles Stanley said a third option was for the beneficiary to open an account with Charles Stanley and have the shares transferred into that account. Charles Stanley set out to the beneficiary what fees it would charge if the beneficiary held the shares in a Charles Stanley account.

On 13 May 2020 the beneficiary provided Charles Stanley with an email address at the receiving business. He said the receiving business thought the transfer should be allowed because it was *'fairly normal'*.

On 15 May 2020 Charles Stanley emailed the transfer instruction to the contact address provided by the beneficiary. The receiving business still refused the transaction. Charles Stanley queried whether it had told the beneficiary it would accept the transfer, and on 20 May 2020 the receiving business emailed Charles Stanley saying the following:

'Unfortunately, I can't see any notes on our system to indicate this was confirmed to the client. I can see an email that was sent confirming that we're unable to accept transfers where there's a [change of beneficial owner]'.

On 16 June 2020 the trustees called Charles Stanley. A file note submitted to this service by the trustees said the following:

'Phoned Charles Stanley again ... asked for situation report. [Charles Stanley] launched into an explanation how [the receiving business] asking for information [Charles Stanley] thinks not needed. Cut him short. I said the operation taking too long, stick to something I understand. Sell the shares and transfer cash.'

Charles Stanley sold the shares on 16 June 2020.

The trustees later complained to Charles Stanley that it failed to facilitate the transfer they requested. They wanted Charles Stanley to compensate the trust for the capital gains tax liability it accrued by selling the shares, and for the dealing fees the trust paid to sell the shares. They also wanted Charles Stanley to pay £500 for the time and trouble they took to investigate and raise a complaint.

Charles Stanley said it could've told the trustees about the failed transfer sooner than it did. But it didn't think it had caused detriment because the value of the shares had increased in that time. Charles Stanley also said it had acted appropriately as a provider of execution-only services. It said it wasn't responsible for the receiving business having rejected the in specie transfer and it had told the trustees what information was needed and what issues the transfer might face. It said the decision to sell the shares belonged to the trustees and Charles Stanley wasn't responsible for the consequences of that decision.

Charles Stanley also acknowledged it had misunderstood some information from the beneficiary – it wrongly thought the email address the beneficiary provided was the address of a person the beneficiary had spoken to. But Charles Stanley didn't think this misunderstanding affected the instruction or the decision by the receiving business to reject the transfer.

The trustees weren't satisfied. They referred their complaint to this service. In summary they said that over a period of eight weeks Charles Stanley failed to make the requested transfer and it made a number of errors. They said Charles Stanley could've found contact details for the receiving business itself. And after receiving contact details from the beneficiary Charles Stanley failed to contact the receiving business and didn't tell the trustees what was happening for four weeks after the transfer failed. The trustees say Charles Stanley told them it was a bad idea to certificate the shares, and it left them with no option but to instruct the sale of the shares and a cash transfer when in fact they could've transferred the shares in certificated form or via a Charles Stanley account in the name of the beneficiary.

One of our Investigators looked into Mrs G's complaint. He could see things hadn't gone how the trustees wanted. But he didn't think Charles Stanley needed to do anything to put things right. In summary he said the following:

- Charles Stanley told the trustees the transfer was possible but also said what issues might arise due to the transfer coming from a trust and going to a different named individual which meant the receiving business classified this as a '*third-party*' transfer.
- The trustees didn't seem keen on an in specie transfer but had asked for it because it had been requested by the beneficiary.
- The investigator wasn't persuaded Charles Stanley intended to deter the beneficiary from transferring the shares when it said issuing paper certificates would take longer than other options. The investigator thought it more likely Charles Stanley meant simply to inform the beneficiary of the potential downside of taking that option.
- Charles Stanley didn't advise the trustees or the beneficiary to sell the shares. And the investigator wasn't persuaded that Charles Stanley left selling as the only option. The investigator found it more likely that the trustees chose to use the option they'd used before.
- Charles Stanley had acknowledged it delayed informing the trustees that the receiving business had rejected the transfer in May 2020. But the investigator didn't think compensation was due for that. He thought that if the trustees had known earlier that the transfer wouldn't work, they would've decided earlier to sell the shares. And had they done so the shares would've been sold at a price that was lower than the price for which the shares actually were sold. And if the trustees had wanted to retain rather than sell the shares, there were other options they could've used.

The trustees didn't agree with the investigator's view. They made a detailed submission. I've summarised the key points as follows:

- The crux of the complaint was that Charles Stanley caused the trust to incur fees and a tax liability by not carrying out the instruction for an in specie transfer.
- The trustees hadn't been reluctant to transfer the assets in specie.

- A call and file note from mid-June 2020 and a letter from Mr C to the beneficiary indicated Mr C wanted the in specie transfer to be done but believed a sale of shares and cash transfer was the only type of transfer Charles Stanley appeared to support.
- Charles Stanley was reluctant to do the in specie transfer because it would involve sending the shares via a new Charles Stanley account for the beneficiary and that was a lot of work, and by transferring the portfolio out Charles Stanley would lose the opportunity to charge fees on it. And Charles Stanley had said it expected the assets would need to be sold, so it gravitated towards that outcome.
- The trustees accepted there was little time to carry out the transfer by their target date of 13 May 2020 given the instruction was provided in late April 2020. But they would've been satisfied if the transfer had been in progress by that date which was the beneficiary's 25th birthday.
- The fact Charles Stanley was an execution-only broker didn't mean it hadn't failed to act reasonably. The trustees asked Charles Stanley to execute a transfer in specie and that was what it failed to do.
- Although Charles Stanley was following the trustees' instruction when it sold the shares, that instruction wouldn't have been given if Charles Stanley had carried out the instruction to transfer the shares in specie.
- The investigator had used the wrong measure of loss. If the shares had been transferred in specie – which is what should've happened – they would've remained in the market. And the shares would've been subject to market movements, not dealing fees and capital gains tax.
- Charles Stanley identified three possible solutions but failed to follow through on any of them. As part of the first option Charles Stanley told the trustees it would speak to the receiving business to say it was usual for a trust to grant assets to a beneficiary and so the receiving business should waive its usual concerns about third party transfers.
- Charles Stanley later erroneously said it couldn't discuss the potential transfer with the receiving business due to data protection rules. And if that were true Charles Stanley shouldn't have told the trustees it would speak to the receiving business.
- Although Charles Stanley offered the beneficiary the option to transfer the shares into a Charles Stanley account in his name, the beneficiary wasn't the customer and wasn't empowered to give instructions. And in any case what Charles Stanley offered the beneficiary was simply to leave the shares in a Charles Stanley account in his name.
- Charles Stanley was reluctant to carry out a two-stage transfer even though in 2022 it did such a transfer for other beneficiaries of the trust.
- The reasons Charles Stanley gave against a certificated transfer were baseless. Charles Stanley raised those objections because a certificated transfer would've meant more work and less fee income for Charles Stanley.
- Charles Stanley embedded advice in its conversations with the trustees.
- Although Charles Stanley suggested various options at various points, it didn't provide any written information about options, even though the trustee it spoke to

was elderly.

- Charles Stanley dishonestly told Mr C in mid-June 2020 that it'd been in contact with the receiving business and the receiving business was being difficult.

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 not upholding the 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 details of the submissions made 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.

The fact Charles Stanley provided an execution-only service is relevant because it means Charles Stanley wasn't obligated to tell the trustees what they should do. In this context I'd expect Charles Stanley to have responded helpfully to the trustees' queries and act appropriately to carry out their instructions. Having looked at everything that happened here, I find that Charles Stanley acted reasonably in its communications with the trustees about the transfer they wanted to effect and in the actions it took in pursuit of the transfer.

Charles Stanley attempted to tell the trustees about options other than the in specie transfer. But the trustee to whom Charles Stanley spoke cut short that discussion, saying it would be '*making a fuss of it*'. The trustee said selling and re-buying the shares would '*involve less work*'. In doing that the trustee indicated he didn't want to hear about or pursue other options. And he indicated a preference for selling the shares and transferring cash, because it was an easier option. And in light of this I find it was reasonable for Charles Stanley not to say anything further about alternative options or to follow up with any information in writing.

Although Charles Stanley didn't suggest to the beneficiary that he could transfer the shares out in specie after opening a Charles Stanley account, I'm satisfied it would've been reasonably evident that in specie transfers were possible – and indeed less problematic – where the transferring and receiving accounts were in the same name. And Charles Stanley made clear to the beneficiary that opening a Charles Stanley account in his name would enable him to receive the shares in his name.

I haven't seen evidence that allows me to conclude Charles Stanley told the trustees or the beneficiary that the shares should be sold. Indeed it was one of the trustees who raised the possibility of that option during a call with Charles Stanley in April 2020. Charles Stanley agreed selling the shares was an option but also mentioned that would be expensive, which the trustee said he knew. And in June 2020 a file note by one of the trustees says he '*cut off*' discussion about the transfer in specie to say the shares should be sold. So on balance I can't conclude Charles Stanley persuaded or otherwise inappropriately influenced the trustees in favour of selling the shares.

It follows that I'm also not persuaded Charles Stanley left the trustees with no option – or no apparent option – but to sell the shares. The trustees were aware the shares could've been certificated. The beneficiary was aware he could've opened a Charles Stanley account and

had the shares transferred there. I'm satisfied Charles Stanley presented the potential issues relating to each option in a fair and reasonable way. And the trustees at the time chose not to explore other options.

I'm aware that in 2022 Charles Stanley helped the trustees carry out a two-stage transfer which meant shares didn't need to be sold to be moved from the trust to a beneficiary's account with the receiving business. The fact Charles Stanley did that in 2022 doesn't mean it ought necessarily to have done the same in 2020. In the particular circumstances of this complaint Charles Stanley answered questions about the possibility of a third-party transfer. As I've said, when Charles Stanley spoke about an alternative option the trustee it spoke to cut the discussion short. And Charles Stanley told the beneficiary he could receive the shares in a Charles Stanley account.

I'm also not persuaded Charles Stanley ought reasonably to have done more than it did to enable the transfer in specie to happen. Charles Stanley suggested the beneficiary could help the process if he contacted the receiving business and also if he could provide Charles Stanley with contact details of anyone at the receiving business who agreed the transfer could go ahead. Charles Stanley offered to discuss that with the beneficiary – and it did so, after repeatedly encouraging the trustees to put the beneficiary in touch with Charles Stanley. And when Charles Stanley suggested the beneficiary '*get involved*' I don't see that it had anything in mind other than to help the transfer to take place.

Charles Stanley sent the transfer instruction to the email address the beneficiary provided. And the receiving business rejected the transfer. Charles Stanley did query that and the subsequent reply from the receiving business indicated its policy was not to accept third-party transfers. I find it unlikely Charles Stanley could've persuaded the receiving business to change its stance on that. And I have no basis to hold Charles Stanley responsible for the fact the receiving business wouldn't accept the transfer.

Charles Stanley wasn't under any obligation to pursue or follow up any of the alternative suggestions. It was for the trustees to decide what instructions they wished to give in relation to the trust's assets. Ultimately the option chosen by the trustees was the one they themselves had mentioned, and one which I haven't seen Charles Stanley suggest or discuss in any detail.

In relation to potential loss suffered, I can only award compensation for financial loss if it flows from the unreasonable or unfair actions or inactions by Charles Stanley. On this occasion the shortcoming on Charles Stanley's part was that it delayed telling the trustees that the receiving business had rejected the transfer in May 2020. The shortcoming is not that Charles Stanley ought to have managed to get the in specie transfer accepted.

What should've happened is that Charles Stanley should've told the trustees sooner that the receiving business had rejected the transfer in May 2020. If it had done that, I find that, on balance, the trustees were likely to have made the same decision they did make (to sell the shares). But they would've made the decision sooner. And so they would've sold the shares a lower price than they actually did sell them for.

Overall, I'm sorry to know the trustees were frustrated by being unable to have the shares transferred in specie to the beneficiary's account. But I can't say Charles Stanley has failed to acted fairly and reasonably here. So I won't be requiring Charles Stanley to do anything.

My final decision

For the reasons I've set out above, my final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs C, Miss C and Mrs G as trustees of Mr & Mrs E K C's Trust for Grandchildren to accept or reject my decision before 6 August 2025.

Lucinda Puls
Ombudsman