

The complaint

Mr B complains that Freetrade Limited's charges for transferring his US shares to another provider are excessive.

What happened

Mr B holds a general investment account with Freetrade. In February 2025 Mr B told Freetrade that he would like to transfer his investments to a different provider.

Mr B's portfolio consisted of four US stocks and was valued at £111. Freetrade told him there would be a charge of £17 per stock for transferring his US shares, so a total cost of £68. Freetrade said that Mr B could instead sell down his US shares and transfer the cash holding free of charge.

Mr B decided to cancel the transfer and complained to Freetrade about the proposed charges, which he said amounted to more than 60% of the total value of his investments. He said:

- Freetrade's charges were excessive and a flat fee per stock disproportionately impacted customers with smaller holdings.
- The charges create a significant financial barrier to leaving Freetrade. They were not clearly brought to his attention when he opened his account but only became apparent when he initiated the transfer process.
- The charges contravene several regulatory principles under the FCA rules, including the Consumer Duty. Firms are required to act to deliver good outcomes for retail customers, including fair pricing and minimising barriers to exit.

Freetrade didn't uphold Mr B's complaint. They said:

- The fees in question are standard third-party charges for US stock transfers, which they believe to be in line with both regulatory expectations and industry norms. They have also provided an alternative route, a cash transfer, that would avoid the charges altogether.
- The fees are charged by their third-party custodian who they must use for all US stock transfers. Freetrade do not have any influence over the fee amount or the structure of the charges.

Unhappy with Freetrade's response, Mr B brought his complaint to the ombudsman service. Our investigator looked into what had happened and didn't uphold Mr B's complaint. She said:

- Freetrade had provided clear information on the fees that apply to transferring US stocks on their website and the terms and conditions of Mr B's account confirmed

that additional charges may apply. Freetrade also informed Mr B before any transfer took place that fees would apply.

- She understood Mr B's frustrations about the fee of £17 per holding. However, the fees are charged by the third-party custodian and Freetrade do not benefit from them. She was not persuaded that Freetrade were responsible for the fees that apply.

Mr B disagreed with our investigator and asked for an ombudsman to make a final decision. He reiterated his earlier complaint points and said:

- While he acknowledges that Freetrade disclosed the £17 fee on their website he maintains that the charges are disproportionate and unfair, especially when applied to small portfolios like his.
- The charges were not clearly or prominently disclosed at the outset of his relationship with Freetrade. While referenced in a help article or FAQ, such important costs should be made explicitly clear in the main terms and pricing literature, especially when they may materially impact a customer's ability to exit.
- Freetrade may argue that the fees are passed on from a third party, but he does not have a relationship with the third party. Freetrade selected and engaged them, and must take full responsibility for the structure, transparency, and impact of fees charged to their customers.
- The fact that Freetrade does not profit from the fee does not remove its obligation to ensure customers are treated fairly, especially where the impact of those charges can be disproportionately harmful to certain groups of customers – such as those with modest portfolios.
- He would like the ombudsman to direct Freetrade to waive or reduce the transfer fee in his case and to improve the transparency and fairness of these fees going forward.

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.

That includes the relevant FCA rules. Mr B has referred to a number of the Principles for businesses set out in those rules, including the Consumer Duty, which I have taken into account when deciding whether Mr B has been treated fairly.

It is important to recognise that while businesses must have regard to the FCA rules, they have flexibility in the way in which they set prices and have the scope to exercise their commercial judgment. The rules do not mean that businesses are only expected to offer products and service at a low price, but they must treat their customers fairly. And there are several factors in relation to a specific product or service that need to be considered when deciding if a customer is receiving fair value.

In this case I don't think it is unreasonable for Freetrade to charge Mr B a 'per stock' fee for transferring his US shares. I can see that a percentage fee would likely be more advantageous to Mr B given the low value of his holdings. But, as I've noted, businesses do have flexibility in the way they choose to set prices and, having done so, I would expect Freetrade to apply them consistently to all customers.

In relation to the level of the charge, Freetrade have explained that the fees are charged by their third-party custodian who they have to use for all US stock transfers. They believe that the charge is in line with industry norms and have provided information on the custodian's fee schedule and a justification for the level of the fee. While fees vary across different providers, I've not seen evidence that the charge is out of line with industry norms or unreasonable.

Mr B has also said that the charges are a barrier to him transferring his investments to another provider. As I've said, I don't think the level of the charges is unreasonable and I note too that Freetrade have offered Mr B the alternative of selling his shares and then transferring his cash holdings free of charge. I think that's reasonable.

Taking account of all the above – that Freetrade have flexibility in the way they set prices, that in this case they are using the services of a third party who have influenced what they have decided to charge, and that Mr B has been offered the alternative of transferring cash holdings free of charge – I am satisfied that Freetrade is treating Mr B fairly.

I've considered what Mr B has said about the transfer charges not being made clear but, on balance, I'm satisfied that Freetrade provided sufficiently clear information to him. The terms and conditions of Mr B's account explained that he may have to pay other costs, taxes or charges in relation to his account which are not charged by Freetrade. And it is made clear on Freetrade's website – under "how do I move my GIA?" and "transferring to other providers" - that for US holdings there is a charge of £17 per holding. Freetrade also informed Mr B of the fees he would be charged before his requested transfer took place.

I'd like to reassure Mr B that I've considered everything he has said, and I appreciate that he feels strongly about this issue. I realise this will be a disappointing decision for Mr B, but I don't think I can fairly say that Freetrade have done anything wrong and I won't be upholding his complaint.

My final decision

For the reasons given, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 9 February 2026.

Matthew Young
Ombudsman