

The complaint

Mr R complains that Halifax Share Dealing Limited, trading as IWeb Share Dealing ('IWeb'), failed to notify him about a corporate action on his investment.

What happened

Mr R owns a Hammerson corporate bond; on 27 September 2024, the company issued a Regulatory News Service (RNS) announcement, detailing a corporate action involving a tender offer.

Mr R states that he became aware of Hammerson's announcement the following week and anticipated receiving a notification from IWeb shortly afterwards in order to take part. After having not heard anything by 7 October 2024, Mr R contacted IWeb through their online chat function. IWeb explained to Mr R that they were not made aware of the offer and in any event, they weren't able to take part at that late stage.

Unhappy, Mr R decided to formally complain to IWeb. In summary, he said that he was disappointed that IWeb hadn't sent him the corporate event notification to take part in the tender offer. Mr R also said that he could be left with £2,000 that he could not trade because there may not be a liquid market.

After reviewing Mr R's complaint, IWeb concluded they were satisfied they'd done nothing wrong. They also said, in summary, that historically they do not offer tender offers for bonds as they are not notified through the normal channels and typically, timescales can be extremely short.

Mr R was unhappy with IWeb's response, so he referred his complaint to this service. The complaint was then considered by one of our Investigators. He concluded that IWeb hadn't treated Mr R fairly and explained that as a custodian, there is an expectation on them to notify its customers of any corporate actions. IWeb didn't agree with our Investigator's view and within their response, sent screenshots of CREST as evidence of when it received notification about the corporate action. IWeb said that based on when they received notification, they didn't have the time to turn the action around.

The complaint was looked at again by a different Investigator and she explained, in summary, that having carried out an independent review of the evidence, she didn't believe that IWeb had treated Mr R unfairly. That's because, she said, from what she'd seen of their terms, IWeb didn't need to notify customers of corporate actions if it was impractical to do so. IWeb had provided evidence to show that they weren't made aware of the corporate action until Tuesday 1 October 2024 and with a closing date of Friday 4 October 2024, there simply wasn't enough time to go out to customers.

Mr R, however, disagreed with our Investigator's findings. In summary, he said that:

- IWeb has a duty to notify him of corporate actions as these are not communicated to him

directly from Hammerson.

- IWeb has a general duty of care as the FCA's consumer duty overrides any terms and conditions.
- The fact that IWeb's systems and processes appear slow should not be to his detriment, especially since other firms had managed to provide this information.
- The RNS stated that the closing date for the offer was 7 October 2024. He said that IWeb suggesting that the closing date was 4 October 2024 was to the detriment of the tender issuer.
- IWeb are part of Lloyds banking Group. Given the "Tender Offer Agent" were Lloyds Bank Capital Markets, IWeb should've known in advance about the corporate action.
- IWeb were acting in an execution only capacity so they should've been able to act swiftly given they weren't providing any advice to him.
- He was not seeking compensation for any consequential loss, rather he wanted to receive an apology and a small ex-gratia payment.

Our Investigator was not persuaded to change her view as she didn't believe Mr R had presented any new arguments she'd not already considered or responded to. Unhappy with that outcome, Mr R then asked the Investigator to pass the case to an Ombudsman for 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.

I have summarised this complaint in less detail than Mr R has done and I've done so using my own words. The purpose of my decision isn't to address every single point raised by all of the parties involved. If there's something I've not mentioned, it isn't because I've ignored it - I haven't. I'm satisfied that I don't need to comment on every individual argument to be able to reach what I think is the right outcome. No discourtesy is intended by this; our rules allow me to do this and it simply reflects the informal nature of our service as a free alternative to the courts.

My role is to consider the evidence presented by Mr R and IWeb in order to reach what I think is an independent, fair and reasonable decision based on the facts of the case. In deciding what's fair and reasonable, I must consider the relevant law, regulation and best industry practice. Where there's conflicting information about what happened and gaps in what we know, my role is to weigh up the evidence we do have, but it is for me to decide, based on the available information that I've been given, what's more likely than not to have happened. And, having done so, I'm not upholding Mr R's complaint and its largely for the same reasons as our Investigator - I'll explain why below.

Mr R holds his corporate bond in a nominee account with IWeb – that means in practice, his investment is pooled with other investors rather than being held directly in his own name. So, when a corporate action is released by a firm, IWeb needs to take direction from the beneficial owners of the investments (in this case, Mr R) on what they want to do because the business in question can only take instructions from IWeb. So, when a firm acts as a

nominee, our starting point is an expectation that as and when corporate actions arise, the business must act promptly to communicate that information to its customers and understand their preferences. Once it's in receipt of their preferences, IWeb then needs to collate their customers' wishes and feedback to the firm. In reality, that means the firm needs to know in advance of the corporate action closing date, so it has time to collate the information and update the business on its customers' preferences.

IWeb say that whilst they'll always endeavour to inform investors of corporate actions when they do come up, they're not obligated to do so if there's factors outside of their control which impact their ability to do so, such as the very short time window in this instance which makes it impractical for them to turn the event around within the deadline. I've looked closely at IWeb's terms that Mr R would've been provided a copy of at the start of his relationship with them. They're also updated for various reasons from time to time and can be found online.

"12. Corporate actions

12.4 – Subject to the rest of this Condition 12, if a corporate action happens in relation to investments held in the account, we will use reasonable endeavours to tell you about any rights attaching to your investments, unless we consider it impractical to do so".

They also say:

"If we become aware of a Corporate Action at short notice and don't have time to get or receive your instructions, we'll select the default option the company gives us. Otherwise, we'll take action, or refrain from taking any action as we, under our discretion determine."

So, it does seem that customers have been forewarned that there may be occasions where it's not possible to inform them. IWeb have said that because of the incredibly short timescales on this particular corporate action, they wouldn't have participated, even if they'd wanted to. I've looked closely at the timeline of events:

- Friday 27 September 2024 - 09:00: Corporate action appears in RNS
- Tuesday 1 October 2024: CREST notification activated
- Wednesday 2 October 2024: IWeb pick up the notification
- Friday 4 October 2024 - 12:00: IWeb's internal election deadline in CREST
- Monday 7 October 2024 – 16:00: Last acceptance date

From start to finish, there were only seven working days from the release of the notice to the deadline. And, whilst the RNS was issued on 27 September 2024, IWeb state that they use CREST for corporate actions, which from the screenshots that they've shared, raised the event on 1 October 2024. That was picked up by IWeb during their CREST checks the following day which meant there was only two and a half days to prepare their systems and inform customers, which IWeb say just simply wasn't enough - and in light of those short timescales I'm inclined to agree.

And, whilst IWeb have said in certain circumstances they may be able to help customers who contact them directly about tender offers they haven't communicated, as Mr R didn't contact IWeb's chat team until Monday 7 October 2024, they wouldn't have been able to assist him, even if they'd wanted to as the CREST deadline had passed by that point.

Mr R says that Lloyds Bank Capital Markets ('LBCM') was the 'Tender Offer Agent' in this corporate action. He went on to say that he can't imagine that there would be separate corporate action teams across all Lloyds brands so therefore, he says IWeb should've known about the offer in advance and been prepared for it. However, it's not quite that simple. That's because whilst LBCM and IWeb are both entities of Lloyds Banking Group, they operate under strict regulatory separation. LBCM acts as a dealer manager for institutional transactions like Hammerson's bond tender and IWeb serves retail investors, offering execution only services for stocks and bonds.

What that means in practice is IWeb and its customers won't receive non-public information about Hammerson's tender offer just because LBCM is involved. All retail investors, regardless of platform, rely on publicly disclosed documents like the tender offer memorandum and everyone has to be treated equally. The regulator, the Financial Conduct Authority, mandates that firms must maintain robust controls to prevent market abuse and protect investor integrity so that means IWeb will have found out about the tender at the same time as the rest of the market. IWeb have already confirmed to this service that they didn't receive any advance notification about the tender.

As part of his complaint submission, Mr R has shared evidence of how another business he holds the same investment at handled the corporate action – I shall call that provider, Firm H. From what I've seen, Firm H issued the tender offer on Tuesday 1 October 2024 (two days after the RNS) to their customers. They then required customers to respond to them by 9am on Friday 4 October 2024 if they wished to take part. But, it doesn't necessarily follow that just because one provider managed to issue the tender offer to their consumers and IWeb didn't, that IWeb have done something wrong. The fact is, whilst we'd generally expect providers to pass on details of any corporate actions to their customers, sometimes, given the tight timescales, that simply just isn't practical because of the internal processes within each firm and that's borne out in IWeb's terms. And, whilst this complaint is purely about IWeb, having looked at the terms and conditions on Firm H's website, they too have a similar condition to IWeb that explains it may not always be possible to provide consumers with the opportunity to participate in corporate actions if they're not provided with sufficient information in time so that term isn't exclusive to just IWeb.

I note Mr R has questioned whether IWeb met its obligations under the Consumer Duty as he thinks that should override any terms and conditions that they may have. I don't find the Consumer Duty overrides what is contained in the terms. But I've taken into account IWeb's obligations under the Consumer Duty when deciding what's a fair and reasonable outcome to the complaint – as well as the other evidence available including the terms and conditions. For the reasons already given, I've found that IWeb haven't acted unreasonably when they didn't notify Mr R of the tender offer.

My final decision

I'm not upholding Mr R's complaint and as such, I won't be instructing Halifax Share Dealing Limited, trading as IWeb Share Dealing, to take any further action.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 18 September 2025.

Simon Fox
Ombudsman