

The complaint

Mr K complains that Redmayne-Bentley LLP (RB) failed to treat him fairly when facilitating the sale of some of his Venture Capital Trust (VCT) holdings. He says RB should have warned him that selling the shares would result in him having to repay back income tax relief. He said if he had known about this, he wouldn't have agreed to the sales.

Mr K would like RB to pay him compensation and in particular the amount he has had to pay back to HMRC.

What happened

Mr K held a number of VCT investments. These were not originally purchased through RB but were later transferred to RB's nominee service. Mr K said the reason for transferring the VCT investments to RB was to enable the shares to be sold in the secondary market should it be appropriate to do so.

Between 8 and 16 October 2024, Mr K sold 5 of his holdings in VCTs. RB contacted Mr K during this time by telephone to inform him that a price had been received for some of his VCT holdings and asked whether he wished to proceed with a sale. Mr K agreed and RB sold them.

After this happened, Mr K became aware that because the VCT shares had been held by him for less than five years, the income tax relief he originally received when the shares were purchased needed to be repaid to HMRC. Mr K said this resulted in a tax liability of around £18,950, together with interest, something HMRC has added for late payment. Mr K said he would not have agreed to the sale had he known about this consequence. He complained to RB about this.

RB said it provides Mr K with an execution-only stockbroking service, and this is what he signed up to with it. RB said it did not provide advice to Mr K and were not permitted to provide tax advice. It said it went on the basis that Mr K understood the tax rules applying to VCT investments. Mr K was unhappy with RB's response and referred his complaint to our service.

An investigator looked into Mr K's complaint. He concluded that RB had acted fairly and reasonably. The investigator found that RB had provided an execution only service, that notifying Mr K of a buy back opportunity did not amount to advice, and that RB was not required to warn him about the tax implications of the sale.

Mr K was not in agreement with the investigator's view. Mr K points to specific financial regulations provided in The Financial Conduct Authority's handbook for firms. He also made the following points:

- RB's proactive telephone call went beyond an execution only service and amounted to a recommendation to sell;
- Because RB initiated the contact, the transaction was not genuinely execution only;

- The sale of VCTs involved a complex, tax driven investment, meaning additional safeguards should have applied;
- RB failed to warn him of a foreseeable and significant tax consequence, which he believes was unfair and inconsistent with regulatory expectations.

As the parties are not in agreement, Mr K's complaint has been passed to me, an ombudsman, to look into.

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 independently reviewed Mr K's complaint and have arrived at the same outcome as the investigator, for broadly the same reasons. I will explain why.

I have read Mr K's comments in response to the investigator's view carefully. I can see that he's made some points about RB's regulatory obligations and also of the Consumer Duty. I do acknowledge the points he's made, but I am not going to specifically reference each one and go through them. This is because ours is an informal dispute resolution service, and as is my role, I am instead going to concentrate on the crux of Mr K's complaint, and anything that I think impacts on the outcome of his complaint. The crux of Mr K's complaint being that he felt RB should have warned him that there would be implications for him selling his VCT investments, when it called him.

RB provided Mr K with an execution only stockbroking service. Having looked through the documentation that underpinned the service Mr K signed up for, I'm satisfied that this was clearly set out in the terms and conditions. After reading all of this, although I do acknowledge what Mr K has said, I can't reasonably conclude that RB advised him at any stage in relation to the sale of his VCTs.

Instead, I think RB contacted Mr K to inform him of a buy back opportunity for some of his VCT holdings and asked whether he wished to proceed. I appreciate Mr K felt this contact implied a recommendation, particularly as it occurred at short notice.

However, I'm satisfied that RB was notifying Mr K of a buy back opportunity only. From what I've read in the circumstances of Mr K's complaint, I don't think this in itself amounts to a personal recommendation or investment advice. I haven't seen enough evidence that RB presented the buyback opportunity in any way, other than what it was.

Finally, I understand why Mr K feels strongly that RB should have warned him about the tax implications of selling his VCTs. However, under an execution only service, RB were not obliged to provide tax advice or assess the personal tax consequences of a transaction. The tax treatment of VCTs, including the requirement to repay income tax relief if shares are sold within five years, is a fundamental feature of the product. This is something I consider was a matter for Mr K to take into account when deciding whether to sell his VCTs.

Whilst I understand why Mr K is not happy with what has happened, I'm not persuaded RB acted unfairly by not raising the tax implications during the call.

In conclusion I'm satisfied RB treated Mr K fairly and acted in line with the execution only service it provides. While I appreciate the strength of Mr K's feelings about what happened, I don't think RB did anything wrong. Based on everything I have read and the findings I have given, I don't uphold Mr K's complaint.

My final decision

My final decision is that I do not uphold Mr K's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 6 March 2026.

Mark Richardson
Ombudsman