DRN-5771793

The complaint

Mr B complains that when Equiniti Financial Services Limited ('EFSL') received his application to transfer the proceeds of his employers Save As You Earn ('SAYE') scheme into a stocks and shares Individual Savings Account ('ISA'), they didn't arrange for future dividends to be re-invested.

What happened

In October 2023, Mr B applied for a dealing and ISA account with EFSL with the intention of using this to deposit the shares purchased through his employers SAYE scheme. The shares were in Mr B's account on 10 November. When the first dividend was paid Mr B saw it had been paid in cash and not re-invested as he wanted. He complained to EFSL that he had missed out on the opportunity to re-invest the dividends.

EFSL accept the service they provided Mr B fell below his expectations, because Mr B expected the transfer of his shares would be on the same basis as he held within his SAYE accounts. They provided an explanation how Mr B could change how future dividends were received into his ISA and offered to complete a commission free 'at best' trade with the outstanding cash balance on his ISA account.

Mr B wasn't happy with the response from EFSL. In August 2024, EFSL accepted there wasn't an option to request dividends be re-invested at the time he opened his account, but explained this could be done on-line once the account had been opened. EFSL also offered to set-up the re-investment Mr B wanted. Mr B has now transferred his ISA to another provider.

Mr B brought the complaint to the Financial Ombudsman Service and one of our Investigators looked into things. Our Investigator thought EFSL had acted fairly and reasonably when dealing with Mr B's complaint, and that they weren't responsible for the dividends being paid in cash. Mr B asked that an Ombudsman decides the complaint and it has been passed to me to consider.

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 understand Mr B will be disappointed, but I've decided EFSL didn't treat him unfairly and I won't be asking them to do anything else. I will now explain why.

Mr B held his SAYE savings with a third party provider who administer the scheme on behalf of his employer. There's no dispute that Mr B requested the SAYE shares to be transferred to an ISA with EFSL, and that to facilitate this transfer, he opened an investment account with them. The account Mr B opened could be accessed and operated on-line and by telephone, and it was an execution only account.

Mr B strongly believes EFSL should have continued re-investing the dividends in the same way as his SAYE scheme did. And he explains that he has family members who have stocks and shares ISA's with another provider and they were asked at the time they invested if they wanted the dividends to be re-invested. However, SAYE schemes do not pay dividends directly as they are a means of saving cash to buy shares in an employer at a fixed date and a pre-determined price. So, as Mr B didn't hold shares within his SAYE, it's more likely than not this is why the portal didn't make a reference to dividends. Regardless of this, the terms and conditions of Mr B's investment account with EFSL make it reasonably clear they required a specific instruction from him if he wanted any dividends paid in his EFSL account to be re-invested. In this case Mr B didn't provide an instruction and this is why first the dividend was paid in cash.

When Mr B placed his SAYE transfer instruction he did so using his employers portal, which is administered by the third party I've previously referred to. The screenshots from this portal show the various options available to Mr B. In this case, Mr B chose to purchase the share option included in his SAYE scheme through an ISA account he'd opened with EFSL. In the same section that Mr B made his selection he is prompted to, *"…ensure you have read and retain the Terms and Conditions under 'Quick Links' before making your selection."*

Mr B believes EFSL should have sent him the terms and conditions to read, and not relied on links within the application portal to provide them. However, as I've explained above, the portal did make it reasonably clear that Mr B should read and retain the terms and conditions of the account before he opened it. By opening an account it's reasonable for them to have concluded Mr B had read and accepted them. In respect of future dividend payments, section 11 of the terms and conditions say:

"You can use the Dividend Reinvestment Service in conjunction with an Available Investment as shown on the Website, which enables you to purchase additional Investments in the Issuer using the dividend income from existing holdings in the same Investments held. You may reinvest dividends from all or some of the Investments held by you."

And,

"We will do all we can to process your instructions for the Dividend Reinvestment Service at the next dividend date after receipt by us.

Once you have instructed a Dividend Reinvestment, all future dividends received by us in that Account from the Investment that you have selected for Dividend Reinvestment will be reinvested automatically by purchasing additional Investments on your behalf until you vary or terminate your instructions or until the Dividend Reinvestment Service is terminated or withdrawn."

Mr B had access to this information at the time he opened his account. It may be that he didn't read it, but I don't think that is enough for me to say EFSL treated him unfairly, or that the actions of EFSL resulted in the dividends being paid into Mr B's ISA as cash. EFSL didn't do anything wrong but they did offer complete a commission free 'at best' trade with the outstanding cash balance on his ISA account. This was a fair and reasonable offer to resolve the complaint. However, Mr B didn't take up this offer at the time and has since transferred his ISA to another provider.

My final decision

For the above reasons, I've decided Equiniti Financial Services Limited didn't do anything wrong.

Under the rules of the Financial Ombudsman Service, I’m required to ask Mr B to accept or reject my decision before 26 September 2025.

Paul Lawton
Ombudsman