

The complaint

Mr S has a share dealing account with Interactive Investor Services Limited (“Interactive Investor”). Mr S’s complaint is that Interactive Investor caused him to lose the opportunity to sell one of his share holdings.

What happened

Mr S held shares (“the Shares”) in a company (“the Company”) which had been delisted and untradeable for many years. The Company announced its shares were to return to trading in 2025 on a date I will refer to as Day 1. The shares were to be traded on the JP Jenkins platform with the price set initially at 3p per share with shares to be bought and sold on an order matching basis.

Mr S held his Shares with Interactive Investor. Mr S placed an order with Interactive Investor to sell his Shares on Day 1. Mr S says the order was placed at 8 am. He also says the person he spoke to at Interactive Investor said colleagues had been emailed the day before and told to expect calls about the Company. During the call Interactive Investor’s representative also said there were some problems with placing orders at that time but that the order would be placed.

An order was placed the next trading day, Day 2, to sell at 3p. The Shares were not however sold because there were no longer buyers at 3p.

Mr S complained to Interactive Investor holding it responsible for the failure to sell his Shares. Mr S says if Interactive Investor had placed his sale order on Day 1, as it should have done, his trade would have been filled at JP Jenkins at 3p per share. This would have raised over £24,000 and it’s not clear when there will be further liquidity in the shares. Mr S was frustrated at losing what he thought was likely to be the only opportunity to sell the Shares which had been untradable for many years.

Interactive Investor did not uphold Mr S’s complaint. It did not consider it was responsible for the problem that meant the Shares could not be sold straightaway and that the change in price was a matter of market forces. It referred to its terms and conditions which include the point that it will not be liable for any act or omission by third parties it uses to trade. And it referred to a provision that says it will use reasonable endeavours to carry out a client’s orders but does not accept liability for loss if it is not able to do so.

Mr S referred his complaint to the Financial Ombudsman Service, and it was considered by one of our investigators.

Interactive Investor made a number of points including the following:

- Interactive Investor places orders via a trading system or platform provided by a third party.
- On Day 1 the Company was added to the matched bargain platform at JP Jenkins.

Interactive Investor was not aware of this in advance.

- On Day 1 Interactive Investor started to receive calls from clients wanting to place orders in the Company.
- However the third party platform used by Interactive Investor did not recognise the Company when Interactive Investor entered its name or identification number. This was because the third party had not updated its system with the details of the Company.
- Interactive Investor contacted JP Jenkins to try to place trades with it direct but that “work around” was not successful and orders could only be made by it via the third party platform.
- JP Jenkins contacted the third party to update its platform but that could not be completed until Day 2.
- Mr S contacted Interactive Investor on Day 1 about his trade and he was told there were technical difficulties and that the trading team would arrange the trade which it did on Day 2 together with the orders from other clients.

The investigator asked Interactive Investor for a recording of the call when Mr S first placed his order to sell. He also asked when and how it first became aware that the Company would be tradeable on JP Jenkins. It did not reply on that point. When the investigator had listened to the call he pointed out to Interactive Investor that its representative had said that an email had been received warning her and colleagues to expect calls about the Company. And he repeated his earlier question. Interactive Investor said it made enquiries on Day 1 when trades could not be made (which did not really answer the point the investigator had asked).

Our investigator thought Mr S’s complaint should be upheld. He made a number of points including the following:

- Interactive Investor should have expected to receive orders relating to the Company on Day 1.
- Although the Company had announced at 7am on Day 1 that its shares would be admitted to trade at JP Jenkins that day, Interactive Investor had had warning of this before then. The person Mr S spoke to at 8 am on Day 1 said they had been told to expect calls about the Company.
- Interactive Investor should have made sure all was in place with its third party provider to ensure it would be able to receive and place the likely orders relating to the Company expected on Day 1.
- JP Jenkins does deal with brokers other than the third party used by Interactive Investor. Shares were sold on JP Jenkins on Day 1 at 3p.
- If Interactive Investor had ensured that things were in order it’s likely Mr S’s Shares would have been sold - but Interactive Investor should check the point with JP Jenkins.
- If the Shares could have been sold, Interactive Investor should pay Mr S the amount he would have received from the sale less dealing costs plus interest.
- As Mr S still holds the Shares they should be assigned to Interactive Investor.

Mr S agreed with the investigator. Interactive Investor did not. It said it started to receive calls from clients wanting to place trades in the Company from 7:45 am on Day 1 and it tried to make contact with JP Jenkins straight away but could not make contact until 9 am when it was established that the problem was not on JP Jenkins’ side. It would not however agree

to suggested workarounds. As the third party did not resolve its issue until 3pm on Day 1, trades could not be made until Day 2.

Interactive Investor says it did not know about the “issue” before 7:45 am on Day 1 and it could not have placed Mr S’s order any earlier than it did.

It also provided an email from JP Jenkins which, in effect, says it first matched two trades at 3p on Day 4 but not in large numbers so it was reasonable to assume Mr S’s Shares would not have been sold if the order had been placed earlier. (It did however also say that 4 million shares in the Company had been matched.)

Mr S says Interactive Investor was aware before Day 1 that the Company would start trading on JP Jenkins from Day 1 as he and other clients contacted it in the days before asking what the process would be. And that the information from JP Jenkins is not relevant as his point is that his Shares should have been sold on Day 1 and JP Jenkins has confirmed that 4 million Shares were sold at that price on Day 1. And as his order was placed early on Day 1 it would have been at or near the front of the queue to be matched.

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.

While I have noted the points made by Interactive Investor it seems to be missing the point made by Mr S and the investigator. Put briefly the point is:

- Interactive Investor was aware before Day 1 that the Company would trade on JP Jenkins from Day 1.
- As such it had time to check the systems it uses were ready for the orders its clients were likely to make, and time to ensure that it had a workable system in place. Interactive Investor should reasonably have taken these steps but failed to do so.
- Interactive Investor did not discover until Day 1 that the system it uses (with a third party) was not ready and Mr S’s order was not therefore placed until Day 2.
- Mr S’s sale order was not matched on Day 2 as the price had dropped.
- There were no further trades at 3p in the quantity Mr S holds.
- However, a large quantity of shares in the Company were sold and bought on Day 1 – enough to mean that Mr S’s Shares could, in principle, have been sold if the order had been placed on Day 1 as it should have been.
- As Mr S’s order with Interactive Investor was placed early on Day 1 it is likely his Shares would have been sold but for Interactive Investor’s error in not ensuring it had a workable system in place for making the trades it was likely its clients would place on Day 1.

I appreciate that Interactive Investor says in its terms and conditions that it does not accept responsibility for errors by third parties or for losses when it is not able to carry out its client’s trading instructions. But neither of those provisions is unconditional. Neither provision seeks to exclude responsibility where Interactive Investor has itself been at fault. And the point, as made by the investigator, is that Interactive Investor was at fault for not making reasonable checks and for ensuring it had a workable system in place for trades in the Company on Day 1.

In my view it is not therefore fair and reasonable to seek to rely on such contractual exclusions.

I have listened to the phone call when Mr S first placed his sale order, and I have heard the representative mentioning that colleagues had been warned to expect calls about the Company. Further, Interactive Investor has not responded to the investigator's questions, and his reasoning in his assessment of the complaint. In the circumstances it is my finding that Interactive Investor did know about the listing of the Company on JP Jenkins' platform before Day 1 and in time to ensure its systems were workable for its clients and that it reasonably should have done so.

And it is my view that Interactive Investor's error caused Mr M to lose the opportunity to sell his Shares at 3p and caused him understandable frustration in losing the opportunity to sell his Shares which had been untradeable for many years. I consider that causing Mr S such distress and inconvenience is a foreseeable consequence of Interactive Investor's error and that this should also be taken into account when putting things right.

Putting things right

My aim is to put Mr S into the position he would have been in but for Interactive Investor's error which means the position he would have been in had he sold his Shares for 3p per Share on Day 1.

Mr A does however still own the Shares but as I understand it there are currently no buyers for them.

To put things right Interactive Investor should therefore pay to Mr S the net proceeds he would have received after dealing and other charges if he had sold his Shares for 3p each on Day 1.

Interactive Investor should also pay Mr S interest on that figure from the date the proceeds of sale would have been paid into his account had the sale order been placed and the trade made on Day 1. This interest is to be at the rate of 8% simple interest per year from the date the proceeds should have been paid to Mr S share dealing account to the date of payment of the compensation.

The interest may be taxable. If Interactive Investor deducts tax it should provide Mr S with a tax deduction certificate to show the details of the tax deducted.

As the Shares are currently illiquid the value should be regarded as zero but If Interactive Investor wishes it may make payment of the compensation conditional on Mr S transferring the Shares to Interactive Investor's beneficial ownership. Any costs relating to that transfer is to be borne by Interactive Investor.

In addition, Interactive Investor should pay Mr S £250 for the distress and inconvenience Interactive Investor's error has caused Mr S.

My final decision

I uphold Mr S's complaint against Interactive Investor Services Limited and I direct it to pay fair redress as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 20 January 2026.

Philip Roberts
Ombudsman