

## The complaint

Mr M complains about his broker, Interactive Brokers (U.K.) Limited (“IBUK”).

He says that IBUK mishandled his ISA and failed to inform him that certain holdings were non-qualifying and subject to liquidation. He is unhappy with its lack of response to his messages, its failure to assist in transferring the holdings to a non-ISA account, and the subsequent sale of his holding.

To make matters right, Mr M requests the reinstatement of the holdings in his non-ISA account, along with compensation for financial loss and distress and inconvenience.

## What happened

In December 2024, IBUK allowed Mr M to purchase and hold 113 shares of Taiwan Semiconductor Manufacturing Company (“TSM”) within his ISA. Mr M paid USD \$191.65 per share. Later, it was determined that these holdings were ineligible for an ISA.

IBUK states that once HMRC flagged the eligibility issue, it had to comply. It says it notified Mr M and provided options regarding the TSM holding.

Mr M says that on 16 April 2025 and 23 April 2025, he requested IBUK to transfer the TSM holding to his non-ISA account but received no response. Subsequently, the shares were sold on 30 April 2025, as no transfer was arranged.

Mr M says that the shares were sold at USD \$164.97 each, resulting in a loss of £3,020.16. He notes that by 11 June 2025, the share price had increased, indicating he would have made a profit of USD \$2,242.39.

IBUK partially upheld the complaint, acknowledging that it should not have allowed the TSM shares to be held in the ISA. In its Final Response Letter (FRL) dated 24 May 2025, IBUK explained that ISA qualifying rules are complex and that it discovered the TSM shares did not qualify during an internal audit. Following this discovery, IBUK was obligated to liquidate the position without delay to comply with HMRC requirements.

IBUK apologised for the poor service Mr M received and agreed to refund all commissions related to this product. It also offered to refund the commission on any subsequent transaction should Mr M choose to reopen the position in his General Investment Account (GIA).

Dissatisfied with IBUK’s response, Mr M referred the complaint to our service.

In a letter dated August 2025, IBUK offered USD \$876 for the one-day price movement—the difference between the sale price on 30 April 2025 and the price on 1 May 2025, when Mr M could have repurchased the shares. Mr M rejected this offer, citing greater losses.

An investigator reviewed the complaint and recommended partial upholding. In a view dated September 2025, he found that IBUK had followed the rules and was not responsible for the financial losses. The investigator also noted that it had provided Mr M with adequate notice

and that, as an execution-only client, it was Mr M's responsibility to transfer or reinstate the position.

However, the investigator deemed the failure to reply unacceptable and recommended £200 compensation for the distress and inconvenience caused.

Mr M raised an objection, arguing that IBUK's offer was unfair since it assumed he could have repurchased the shares, but his funds had not cleared. He indicated that transferring money takes time, so the calculation should be based on 2 May 2025 instead.

Further correspondence ensued between Mr M and the investigator that I need not repeat here, but Mr M maintained that he attempted to transfer the shares to his non-ISA account but could not. He refrained from selling and repurchasing the shares because he believed IBUK would assist with the transfer. He provided a screenshot to support his claim.

The investigator, having considered the additional points, wasn't persuaded to change his mind. In a second view dated October 2025, he reiterated that the USD \$876 offer (as a goodwill gesture) and the £200 compensation for distress were fair and reasonable. Given the execution-only nature of the account, the investigator concluded that it was Mr M's responsibility to transfer the shares or sell and repurchase them. Despite IBUK's inadequate service, this did not absolve Mr M of his responsibility.

The investigator noted that IBUK's records indicated multiple logins between 16 and 30 April 2025 but that no attempts were made to transfer the TSM position. They found no evidence that Mr M contacted the dealing desk or customer service for assistance before the liquidation. Customer services were available during trading hours, and any request made then would have been processed immediately.

Furthermore, since the position was liquidated on 30 April 2025 and settled on 1 May 2025, any request during trading hours would have been executed promptly. The investigator did not accept that funds were unavailable for transfer to a non-ISA account on 1 May 2025. Mr M chose to maintain his position despite knowing about the liquidation and the necessity to mitigate. The investigator concluded that Mr M had not been treated unfairly.

Mr M clarified that he attempted the transfer using the mobile app and believed IBUK would not record keystrokes. He acknowledged that he did not call the dealing desk, assuming IBUK would respond professionally to his secure messages.

As no agreement was reached, the matter has been passed to me for review.

### **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.

Having done so, I agree with the investigator's conclusions for much the same reasons. I'm going to partly uphold this complaint to the extent of the poor service.

IBUK's failure to respond to Mr M's messages warrants £200 compensation for the distress and inconvenience caused. This amount reflects the nature of the poor service experienced.

However, on the face of the evidence, and on balance, I'm unable to safely say that IBUK is responsible for the losses claimed. In an execution-only relationship, it was Mr M's responsibility to ensure he achieved his desired outcome, whether by selling and repurchasing or transferring the shares. He had sufficient notice and the option to contact

the trading desk, which he didn't utilise.

Before explaining why I'm not upholding this complaint, I'd like to thank the parties for their patience while this matter awaited review by an ombudsman, given the current demand for our service.

I also want to acknowledge the strength of feeling Mr M has about this matter. He's provided submissions, which I've read and considered carefully. I hope he won't take the fact that my findings focus on what I consider to be the central issues, rather than addressing every point in detail, as a discourtesy.

The purpose of my decision isn't to address every single point raised. I don't need to comment on each one to reach a decision. My role is to consider the evidence presented by Mr M and IBUK, and to decide whether IBUK treated him fairly and reasonably and, if not, whether that caused him financial loss or other impact.

I am satisfied that IBUK was legally required to remove the TSM shares from Mr M's ISA upon HMRC's notification of their ineligibility (either by transferring or liquidating the shares), so it hasn't done anything wrong by liquidating the holding when Mr M didn't take affirmative action. I'm persuaded that IBUK acted correctly once the issue came to light and had no choice in the matter. In the circumstances, liquidation was an acceptable method of removal.

I'm satisfied that IBUK gave Mr M reasonable notice with options about what he could do with the shares once the correct position was established. Whilst I appreciate that Mr M messaged IBUK twice in April 2025 about transferring the holding, IBUK's failure to respond didn't prevent him from transferring the holding himself or taking any other appropriate action, such as calling the trading desk to action the transfer. I'm mindful that this was an execution-only service; therefore, it was Mr M's responsibility to take action.

I've considered what Mr M says about using the mobile app (for which there's no additional evidence other than his account). However, this doesn't demonstrate that a transfer instruction was successfully submitted or received by IBUK. On the contrary, the IBUK system doesn't show any evidence of transfer attempts, which I find more persuasive.

I can't ignore that Mr M didn't telephone the trading desk which could assist him with transferring the holding before liquidation. There was nothing technically preventing him from doing so, and Mr M hasn't provided a persuasive reason as to why he didn't, despite being made aware that liquidation was pending and logging into his account a few times over the material period.

While I acknowledge Mr M's frustration, I'm not persuaded that even if IBUK had responded promptly this would've prevented the loss in value. I am satisfied that the decrease in share value resulted from market fluctuations, not from any wrongdoing by IBUK. The investment risk associated with purchasing shares was assumed by Mr M from the outset.

In the circumstances, I can't award compensation for the potential profits Mr M claims he would have made by 11 June 2025. Moreover, speculation on what might have occurred is not a reasonable basis for upholding this complaint, especially since IBUK has never guaranteed any share values or returns.

Although IBUK was not obligated to make the USD \$876 offer, it did so as a goodwill gesture. Whilst I acknowledge Mr M's point regarding the calculation date – that it should be 2 May 2025 rather than 1 May 2025 – I'm mindful that IBUK wasn't required to make this payment at all. Therefore, I don't think it would be fair or reasonable to ask it for a recalculation.

The above notwithstanding, I'm mindful that IBUK's failure to respond to Mr M's messages on 16 and 23 April understandably left him feeling ignored and frustrated during a stressful time. Therefore, I believe £200 compensation is a fair acknowledgment of this. I'm mindful that this involved two unanswered messages, over a short timeframe, and IBUK didn't obstruct Mr M from taking action.

I appreciate Mr M will be very unhappy that I've reached the same conclusion as the investigator. Furthermore, I realise my decision isn't what he wants to hear. Whilst I appreciate his frustration, in the circumstances – apart from upholding the complaint on the point of IBUK's failure to respond to Mr M's messages – I'm unable to say that IBUK is responsible for the losses claimed. So, on the face of the available evidence, and on balance, I'm unable to give Mr M what he wants.

### **Putting things right**

To put things right, Interactive Brokers (U.K.) Limited should pay Mr M £200 in compensation for the distress and inconvenience caused.

Interactive Brokers (U.K.) Limited has confirmed its intention to pay Mr M an additional USD \$876. I expect it to honour this proposal.

### **My final decision**

For the reasons set out above, I partly uphold this complaint.

Interactive Brokers (U.K.) Limited should pay redress as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 31 March 2026.

Dara Islam  
**Ombudsman**