

The complaint

Mr A complains that Barclays Bank Plc failed to inform him of a corporate action on his dealing account. He went on to say that he didn't receive shares that he thought he should've done in the new investment that then followed.

Mr A would now like compensation for the distress and inconvenience that he says Barclays have caused him.

What happened

On 12 April 2018, Mr A purchased 1,800 shares in Atlantis Japan Growth ('AJG') through his Barclays share dealing account. Mr A, also held a dealing account with a business that I shall call Firm C; he held an investment of 1,100 shares in AJG through them as well.

In August 2023, a corporate action was announced setting out plans for AJG to merge with Nippon Active Value Fund plc ('NAVF'). The event set out to offer consumers the opportunity to take up new NAVF shares (which would be the default option if no election was made) or take cash at a modest discount to net asset value. A scaling back mechanism formed part of the plans – this meant the cash option was capped so if demand for cash exceeded the available allocation, investors would be scaled back and receive a mix of cash and NAVF shares.

In September 2023, Mr A received a document from Firm C titled 'Recommended proposals for the voluntary winding of the Company and combination with NAVF'. Mr A states that he also received a second letter that month from Firm C, asking him whether he wished to roll-over his shares into NAVF or cash-in his shares. On 29 September 2023, Mr A elected for the cash option for his holding in AJG with Firm C.

As Mr A hadn't received any information on the matter from Barclays at that time, he telephoned them on 29 September 2023 to explain that he'd like to take the cash option. Mr A then received a consolidated statement and valuation from Barclays dated 19 November 2023 that contained an entry dated 20 October 2023 "Takeover of AJG Redemption @ GBP 1.8221 per share".

As Mr A had received a mixture of cash and shares from Firm C but only cash from Barclays, Mr A contacted the company secretary for NAVF who confirmed that Firm C had correctly allocated cash and shares to him, but they couldn't comment on the allocation from Barclays. So, in July 2024, Mr A decided to formally complain to Barclays. In summary, he said he was concerned about the allocation of cash to his account along with the fact that they'd not informed him of the corporate event.

After reviewing Mr A's complaint, Barclays concluded they were satisfied they'd done nothing wrong, and that he'd received the correct entitlement under the corporate action.

Mr A was unhappy with Barclays' response, so he referred his complaint to this service. In summary, he said that:

- Barclays hadn't been able to explain to him why they didn't send him the recommended proposals or ask him whether he wished to roll-over his shares into NAVF or cash-in some of his shares.
- They had not explained to him why they did not allocate cash and shares which Barclays had received.
- Barclays should pass the shares in NAVF, which they received, to him in return for the excess cash that they allocated to his account.
- They should pass the additional shares in NAVF that he would've received had he not telephoned them on 29 September 2023 as compensation for the distress and inconvenience that they have caused him.

The complaint was then considered by one of our Investigators. He concluded that Barclays hadn't treated Mr A unfairly because he'd selected the cash option and that's what he received. Mr A, however, disagreed with our Investigator's findings. In summary, he said:

- Despite what our Investigator had said about Barclays having written to him about the matter in September 2023, he'd never received a letter from them.
- He doesn't have a login to his Barclays online account; all dealings with them are undertaken by either letter or telephone.
- Barclays hadn't passed on the shares in NAVF as Firm C had done, but credited his account with cash, without scale back.
- Barclays hadn't paid due regard to his interests or treated him fairly.
- Firm C hadn't given him a third option – he was only entitled to either the cash option or rolling over his shares.

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

After carefully considering what both parties had to say on the matter, I decided to issue a provisional decision on the complaint as I explained that whilst I was minded to reach the same outcome as our Investigator, I was doing so for different reasons. This window of time aimed to give both parties the opportunity to provide any final comments that they wished for me to consider before I reached a final decision.

What I said in my provisional decision:

I have summarised this complaint in less detail than Mr A 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 A and Barclays 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 planning on upholding Mr A's complaint - I'll explain why below.

Mr A has made much comparison between what happened to his AJG shares following the corporate action that were held with Barclays and the identical shares that he held with Firm C. Having looked at both the investment accounts he holds, I think it's important to make the distinction between how each are structured because it can sometimes directly impact the end outcome in a corporate action (as is the case in this instance). Mr A held his AJG shares with Firm C directly in his own name (the impact of which I'll explain in a moment). Whereas he held the same shares in a nominee account with Barclays – what that means in practice is his investment is pooled with other investors rather than being held directly in his own name.

As I explained previously, the corporate event set out to offer consumers the opportunity to take up new NAVF shares or take cash at a modest discount to the investment's net asset value. A scaling back mechanism formed part of the proposals – this meant the cash option was capped at 25% of total shares, so if demand for cash exceeded the available allocation, investors would be scaled back and receive a mix of cash and NAVF shares. However, because Mr A's shares in AJG were pooled with other investors at Barclays, the responses they received from affected customers didn't go over the 25%. This meant that Barclays were able to fulfil the full cash option for those consumers who elected to take that option; that's because scaling is calculated at nominee level, not at individual Barclays investor level. So, Barclays' aggregate election determined whether scaling applied – and in this instance, it didn't.

However, as Mr A held his shares directly through Firm C (rather than on a pooled or nominee basis), as the cash pool was oversubscribed, it triggered a pro-rata scaling exercise. That meant, investors who requested full cash in exchange for their AJG shares, only received a portion in cash with the remainder in NAVF shares. Importantly, the difference in outcome, is down purely to the structure of the election process, not any preferential treatment being applied to either Barclays or any individual consumer. So, to be clear, just because Mr A received part cash and part shares through Firm C following the corporate action, that doesn't mean Barclays have done something wrong when Mr A received a full cash entitlement through them.

When a corporate action is released by a firm, Barclays need to take direction from the beneficial owners of the investments (in this case, Mr A) on what they want to do because the business in question (AJG/NAVF) can only take instructions from Barclays. 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, Barclays then needs to collate their customers' wishes and feedback to the firm. In reality, this 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.

Barclays sent Mr A a letter dated 22 September 2023, highlighting the corporate action and explaining that if they didn't hear from him by 3 October 2023, his existing investment in AJG would be rolled over into NAVF shares (which was the default route). Despite what Mr A states about having not received Barclays' letter, I've no reason to doubt that it was sent –

the address on the letter matches that on the complaint form that Mr A has submitted to this service. Details of the corporate action were also listed on Barclays' website for investors to refer to. Barclays say that Mr A has chosen not to provide them with a mobile phone number or email address (meaning that he didn't receive the SMS and email notifications about the event), choosing to undertake his affairs with them primarily via post and telephone. But, as an execution only customer, the onus is on him to keep abreast of what is happening on his account.

However, I can't on balance, reasonably conclude that Barclays didn't inform Mr A about the corporate action and in any event, he made his wishes known to them when he telephoned their helpline. Barclays were asked for a copy of that telephone call so I could understand what was discussed and agreed, but they were unable to source it. I am however satisfied that the call took place because Mr A has confirmed that he telephoned them to set out his wishes – which was to take his shares as cash. And, had he not provided an election, Barclays would've assumed the default position on the account which was to roll-over the shares (but they didn't). From what I've seen of Mr A's statement of 19 November 2023, they followed his instructions and converted his AJG shares to cash. It therefore seems to me that despite Mr A's concerns that he didn't receive Barclays' notification about the corporate action, there was no impact of that because his wishes were actioned as he'd set out.

For completeness, I've looked at the timeline of events on the AJG corporate action and from what I've seen, Barclays informed consumers in a timely manner about the event and the deadline for notification of investor choices was on 3 October 2023 and the end of the process, which was the settlement of the transaction through CREST occurred the week commencing 16 October 2023. Mr A's Barclays trading account was credited on 20 October 2023 with the cash. So, I'm satisfied that Barclays acted in a timely manner throughout the process.

I do appreciate that Mr A is unhappy about not having received any shares in NAVF, but he was never entitled to receive any of those shares and in any event, he elected for the full cash option. I'm satisfied that the difference in outcomes between his Firm C and Barclays investment accounts were as a result of the structure of his ownership of the underlying investment and not something that Barclays did or did not do. As an execution only customer, Barclays provided no advice or direction on the matter and the decision to elect to take the cash was Mr A's alone, so I'm satisfied that he wasn't misinformed at any point by Barclays. As I've not seen any evidence to persuade me that Mr A wasn't properly informed about or didn't receive his proper entitlement under the corporate action, I'm not planning on upholding his complaint.

Responses to my provisional decision

After reviewing what I had to say, Barclays responded explaining that they agreed with the assessment and had no further comment.

However, Mr A explained that he was disappointed with the outcome. He said, in summary, that Barclays hadn't provided any evidence to support the assertion that his shares were pooled with other investors which is the reason why they were able to fulfil the cash option for all those consumers who elected to take that route.

Since November 2023, a period of almost two years, Mr A said that he has suffered unnecessary inconvenience and distress because Barclays never once asserted that his shares were pooled with other investors. In light of this, Mr A explained that he'd like this service to instruct Barclays to take further action.

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've looked the Barclays' terms and conditions that are freely available on their website. These would have been signposted to Mr A at the time he opened his share dealing account with Barclays. Within the section that covers 'Holding your assets' on page 22, it explains that customers' investments will be held on a nominee basis. The same terms and conditions also cover the nominee arrangements in multiple places throughout. And, having looked at Barclays' share dealing website, there are references to holdings being held on a nominee basis in multiple places, although I accept their website is their position at today's date rather than when Mr A opened his account.

Holding customer assets on a nominee basis is a standard practice across the investment industry, particularly among execution only dealing platforms (like Barclays). In this arrangement, assets are registered in the name of the nominee company, which is typically owned by the broker, while the customer remains the beneficial owner. Firms use this structure because it streamlines administration, helps reduce costs and enables faster, more secure electronic trading compared to traditional certificated shareholding. And, as in the case of the AJG/NAVF merger, it also simplifies the handling of corporate events, custody and settlement processes. So, although customers don't appear on the company's shareholder register, they retain full economic rights including dividends and where facilitated, the entitlement to vote.

So, whilst Mr A said that Barclays never once asserted that his shares were pooled with other investors, I don't agree; Barclays make clear to consumers that investments aren't typically held on an individual named basis but rather through a nominee arrangement. Having looked at the letter that Mr A shared with this service that he received from Firm C on 13 December 2023, they make the distinction between a nominee and individual holding basis, the latter of which is how Mr A held his AJG shares with them. So, as I explained in my provisional decision, just because Mr A received part cash and part shares through Firm C following the corporate action, that doesn't mean Barclays have done something wrong when Mr A received a full cash entitlement through themselves.

But, because Mr A's shares in AJG were pooled with other investors at Barclays, the responses they received from affected customers didn't go over the 25%. This meant that Barclays were able to fulfil the full cash option for those consumers who elected to take that option. I do appreciate Mr A's strength of feeling about not having received any shares in NAVF, but he was never entitled to receive any of those shares based on the election he made with Barclays.

Mr A telephoned Barclays on 29 September 2023 to discuss the AJG corporate event. He explained to them that he'd like to take the cash option. Mr A then received a consolidated statement and valuation from Barclays dated 19 November 2023 that contained an entry dated 20 October 2023: "Takeover of AJG Redemption @ GBP 1.8221 per share". So, the evidence demonstrates that Mr A received what he asked for – cash. As Barclays didn't need to scale, I can't conclude that Mr A didn't receive his proper entitlement under the corporate event and it therefore follows that I'm not upholding his complaint.

As I've not been provided with any new evidence that's made me change my mind, it therefore follows that I've reached the same conclusions for the same reasons that I set out in my provisional decision above.

My final decision

I'm not upholding Mr A's complaint, and I won't be instructing Barclays Bank Plc to take any further action.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 7 December 2025.

Simon Fox
Ombudsman