

The complaint

Ms C complains about a fee Crowdcube Capital Limited has introduced that she would incur when selling shares that she purchased on the platform. She doesn't think it is justified in doing this and says it is acting unfairly by charging a fee.

What happened

In 2016 Ms C purchased shares in a company (I'll refer to as 'Company R') through Crowdcube's crowdfunding platform. The shares were held on a nominee basis meaning Ms C was the beneficial owner and they were held on trust on her behalf by Crowdcube Nominees.

In 2023, Crowdcube introduced a liquidity fee as part of secondary sale transactions it completed for investors wanting to sell shares from earlier raises.

In December 2024, Crowdcube informed investors about the potential for a secondary sale opportunity of R shares asking them to register an interest. As part of the process, Crowdcube notified Ms C that if she did sell her shares as part of the secondary liquidation it would be charging her a 5% fee to cover the facilitating of the transaction. It said the fee covers the preparation and handling of legal documentation, completing required compliance checks, and payment facilitation, as well as all third-party transaction costs.

Following this Ms C raised a complaint as she was concerned about the fee being proposed by Crowdcube as she felt it was unjustified.

Crowdcube responded to the complaint but didn't uphold it. In summary it said:

- Its fees are proportionate and comparable within the market for the discretionary liquidity of private company shares.
- The liquidity fee reflects the level of service provided and the significant returns facilitated by Crowdcube for its investors.
- It is transparent about the fees it charges. As Crowdcube has grown its service offerings it has added the facilitation of discretionary secondary liquidity events to the services that it provides. It clearly communicated there would be fees associated with a discretionary liquidity event. It is not imposing as it only applies if you choose to take advantage of the opportunity.

Ms C didn't accept this response and referred her complaint to this service for an independent review. She said the fee imposed by Crowdcube as part of the secondary sale is unjustified, appears arbitrary and excessive due to the minimal work involved.

One of our investigators looked into the complaint but they didn't uphold it. In summary they said:

- The 5% fee for secondary sales was part of a new, discretionary service introduced many years after Ms C's initial investment in R shares.
- It was not applied retrospectively. Instead, investors were invited to participate on the basis of clearly disclosed terms and had the option to not proceed if they didn't agree.
- Crowdcube was transparent about the fee and what it covered, and gave enough notice

for Ms C to make an informed decision.

Ms C responded to the view to provide further arguments. In summary she said:

- The share sale was an issuer-orchestrated event and not a Crowdcube “new service”. The transaction was initiated and controlled by Company R and Crowdcube’s role was largely administrative.
- The original investor terms set applicable charges, not later terms created for separate discretionary services.
- The 5% fee should be cost based and not a blanket percentage of transaction value.
- The fact participation was optional doesn’t remedy unfairness, particularly when the alternative was continued illiquidity.
- Crowdcube has departed from usual practice. Earlier liquidity opportunities provided for Company R shares did not involve this sort of investor fee, this is consistent with treating issuer-led secondaries as corporate actions where the nominee might recover limited administration costs.
- At the time of original investment, investors were told there would be no investor fees on investment or exit, so imposing a significant fee years later conflicts with fair value principles.

As no agreement could be reached the complaint has been passed to me to reach a decision.

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.

At the crux of this complaint is the fee that Crowdcube have informed Ms C would be chargeable for her to participate in the secondary sale event for her R shares. I note when Ms C bought her shares, Crowdcube were responsible for arranging the purchase. It promoted the opportunity on its crowdfunding platform, which allowed Ms C to invest. It had regulatory obligations in this respect, and it entered into an agreement with Ms C for this transaction. While Ms C’s complaint isn’t about the arrangements made to acquire the shares, there is disagreement about what happened when Ms C was later given the opportunity to sell them.

Ms C has been clear she feels that Crowdcube has acted unfairly by introducing a fee when completing the most recent secondary sale. She says that when she purchased the shares, she was told there would be no exit fees, and the inclusion of a fee wasn’t covered in the terms she agreed to at the time. She doesn’t accept that Crowdcube is providing a new service when completing the secondary sale and sees it as Crowdcube acting contrary to the terms she agreed to.

Crowdcube argues that secondary sales weren’t envisaged when Ms C purchased her shares in 2016 and the anticipated exit method was through a listing or IPO. It maintains it wouldn’t charge fees to Ms C on these shares for non-discretionary exit. It also says the terms applicable from the purchase aren’t relevant to the secondary sale. It says the 2016 terms relate to the transaction completed at the time, and don’t provide for ongoing service akin to a bank account, where a customer agrees to terms which remain on foot for all services ever provided by the firm to the customer, which are then subsequently varied. Rather, the investor terms operate on a transaction-by-transaction basis, meaning the terms that are relevant are the ones that are current at the point an investor makes a new investment, and this reflects the nature of the investment services provided by Crowdcube.

As explained above, Ms C's original interactions with Crowdcube were for the arrangement to purchase the R shares. I've reviewed the 2016 terms that were applicable when Ms C invested. At the outset the terms set out that they cover the relationship between Crowdcube and investors who wish to subscribe for shares in response to an investment proposition on the website. And it says that Crowdcube provides services relating to the arranging of the investment. The terms cover the arrangement and purchase process. So not surprisingly they are silent on secondary sales. There is also no information given about other exit opportunities, or services Crowdcube would be providing in this respect.

Crowdcube has explained that in more recent years secondary liquidation opportunities have become more common, and while not something it anticipated to offer as a service to customers in 2016, it was now something it was providing to investors. Since Ms C invested in 2016, Crowdcube has introduced changes to its fees as its services have evolved for new investments, but she isn't subject to these fees in respect of her R shares. I haven't seen that Crowdcube has sought to impose its updated terms on her.

Ms C claims Crowdcube breached the Consumer Rights Act 2015 by retrospectively imposing fees as she sees it as an alteration of an agreement without giving her the right to opt to out of paying the fee. It's not for me to decide whether a term is fair or not – that is something only a court can decide. But as a regulated financial business, Crowdcube is under an obligation to treat its customers fairly.

As noted above, the original agreement Ms C made with Crowdcube related to the arrangements to acquire shares, and it didn't include any terms relating to secondary sales or exit. Crowdcube's position is that the sale of the shares is not a continuation of the original agreement, but rather a new discretionary transaction Ms C was given the option to enter into (which included a fee). I don't find Ms C's points about not being able to opt out persuasive, as there was no requirement from Crowdcube for her to enter the secondary sale transaction.

I acknowledge Ms C's points about being informed of a fee that she wasn't expecting to have to pay when selling her shares. But I am persuaded by Crowdcube's evidence around the secondary liquidation being a service that wasn't covered as part of the original purchase of the shares. In the circumstances, I think the balance of evidence does support Crowdcube was providing a new discretionary service to Ms C when it informed her of the secondary sale, and it set the applicable fees and the terms for this sale. I appreciate the ability to liquidate at a significantly higher price than Ms C purchased her shares for, would have been an attractive proposition, but it was still not compulsory. And my understanding is that Ms C didn't go ahead with the sale in any case.

I've also considered whether Crowdcube's communications were clear about how much the fee would be if Ms C elected to sell her shares. She was given notification of the fee when the opportunity for a sale was first communicated. This was prominent and disclosed before taking up an option to sell. So, I'm satisfied Ms C was in an informed position before deciding whether to sell and it was made clear if she did, she would incur the 5% fee.

I acknowledge the points raised by Ms C about Crowdcube completing an earlier secondary sale of R shares and that it didn't charge a fee for this transaction. She says this shows Crowdcube has departed from usual practice. Crowdcube has provided comments on this. It says in 2018 it did not offer its services as an arranger of secondary liquidity opportunities, mainly because the secondary market was not yet developed. Also, there were commercial considerations that limited its role. In 2018 secondary sales weren't common, so I don't think it can be said Crowdcube were acting outside of normal practice in 2024 by taking a different approach. I understand why Ms C raises this point, but I'm not persuaded this is critical to my findings on this complaint. The earlier sale was carried out in different circumstances,

more than six years earlier. The fact a fee wasn't charged then, in my view, isn't sufficient by itself to say Crowdcube treated Ms C unfairly when it informed her of the fee in the recent sale.

Having considered everything that has been provided, I haven't found that Crowdcube has treated Ms C unfairly by including a fee as part of the secondary sale opportunity.

But Ms C has also raised concerns about the amount of the fee (5% of the transaction) and doesn't think this is justifiable for the service that has been provided. She says the transaction was initiated and controlled by Company R, so thinks Crowdcube's role was largely administrative. She also questions whether the fee should be cost based and not a blanket percentage of the transaction value.

Crowdcube disagrees and says it was a resource-intensive transaction requiring coordination across legal, compliance, portfolio, finance, and investor support functions. It has provided information on the activities it undertook in relation to this specific opportunity. It says it was involved in 18 months of negotiations with company R overcoming challenges before reaching an agreement to widen the secondary sale to early investors, including Crowdcube investors. It has also highlighted the legal work required for the overarching agreement and completion of documentation - with various compliance requirements needing to be completed. Along with the investor engagement required to ensure sales completed as expected. It has also referenced the settlement and distribution needed to execute the transaction and update records.

While it is difficult to quantify every task undertaken, I'm satisfied Crowdcube has provided sufficient information to show that it did play a significant role in the transaction. For this reason, charging a fee of 5% doesn't on the face of it seem to be contrary to its regulatory obligations.

Crowdcube has confirmed it completed a fair value assessment as required under its regulatory obligations for the different services it provides. It has shown that this involved assessing what comparable fees are payable in the market. My understanding is that there are two main firms that account for a significant proportion of the equity based crowdfunding market. So, it is reasonable for it to focus its comparison on its closest competitor in this situation. I'm satisfied Crowdcube has provided evidence that its charging structure for the secondary sale service, is broadly in line with other firms that provide similar services. While fees and the exact nature of service vary, having considered this information, I can't say that Crowdcube are out of kilter with other firms providing a similar service.

I acknowledge Ms C's comment that the fee should be cost based. But I don't find Crowdcube was required to set fees that align only with the direct cost of providing a service. It had flexibility in the way that it set the fee for providing the secondary sale service. The fee isn't specific to the R shares secondary sale that Ms C was offered the opportunity to participate in, it is for situations where Crowdcube offers a secondary sale opportunity to investors.

When setting a fee there are a variety of considerations for Crowdcube including whether it charges at a flat rate, as a percentage or another variation. The fact Crowdcube elected to charge a percentage of the transaction isn't unusual, and in my experience, this is a common method used for charging fees when providing investment services. So, I don't think the fact Crowdcube charged a percentage fee can be considered intrinsically unfair. Ms C has highlighted the overall value of the fees Crowdcube has collected across all investor sales in the R share secondary event, and it does appear the size of the overall transaction is a factor in why Ms C thinks it has acted unfairly. But I'm only considering

whether Ms C has been treated fairly, so I'm not able to comment further as it is beyond my remit.

Having considered all of the available evidence, I'm not persuaded it would be fair and reasonable to reach a conclusion that Crowdcube's decision to charge a fee if Ms C wanted to take part in the secondary sale means it was acting contrary to its regulatory obligations when compared to the overall benefits and the nature of the service provided. I appreciate Ms C feels strongly about this complaint, but I haven't found reason to ask Crowdcube to do anything further.

My final decision

For the reasons given, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms C to accept or reject my decision before 4 March 2026.

Daniel Little
Ombudsman